Plastics

Winstones go to Southland

WINSTONE Plastics Ltd, the Palmerston North-based subsidiary of Winstone Ltd, has announced that it will begin manufacturing operations in Southland.

Production from the new plant, concentrated initially on the manufacture of the company's Novaflo and Novacoil range of high-density polyethelene underground drainage products, is scheduled to begin in October.

According to Winstone managing-director Brian Bamfield, the move is being made to meet the growing demand for Novaflo in the South Island, particularly in the Southland area.

He said Winstone had had problems in meeting this demand from its Palmerston North plant. Some months ago it conducted a feasibility study into expanding its manufacturing capabilities.

A close analysis of the situation indicated that a Southland-based manufacturing plant would provide benefits to farmers in the area who are heavily engaged in drainage problems.

He said that in addition to those benefits, the new plant would provide opportunities in the direct manufacturing operation and related activities.

The plant will enable the full range of Novaflo and Novacoil products which are manufactured in 65mm, 110mm and 160mm sizes, to be readily available in Otago and Southland. It will also service demand in the rest of the South Island, and free extra production from the company's Palmerston North operations for supply to North Island markets.

One effect that should immediately be noticed by Southland farmers will be a significant reduction in the price of drainage material, said Bamfield.

The effective freight saving that the locally manufactured product will have over delivery of Novaflo from the North Island will be passed on to the farmer contributing to a substantial saving over current ex-store prices.

The Southland area has a substantial amount of land drainage activity on a continuing basis. The new plant will be able to produce 14,000 metres of Novaflo and Novacoil daily.

Insulating panels

A BRITISH firm, represented here by ICI (NZ) Ltd, has perfected an automatic method of producing polyurethane-foam insulated building panels. It is offering its equipment and technical expertise to prospective clients.

Panels are made by high-pressure lance injection techniques used for cladding and sheathing prefabricated buildings, cold rooms, doors and partitions, insulated containers and transport vehicles. The panels can be used with aluminium, plasterboard or plywood facing materials.

The process is based on a mixing head, only 28 mm wide, at the end of a manipulating lance which permits panels from 30 mm to 100 mm thick to be injected with the two-component plastics foam. A high-pressure metering unit dispenses accurate proportions of the chemicals to the mixing head to ensure a uniform cell structure throughout the insulation.

A heavy-duty multi-daylight press with temperature-controlled platens hold the panels in place during foam injection. Automatic indexing of the mixing-head lance ensures the foam is deposited evenly throughout a panel's length as the lance is gradually withdrawn.

The manufacturers state that more than 45 panels, 12m long and 1m wide can have a 60-mm layer of foam insulation applied to them in a normal eight hour shift — equivalent to an annual production of some 11,000 panels or 132,000 m².

Apart from supplying the complete production line — tables for pre-assembling the panels and lifting equipment for loading and unloading the press — the firm offers bulk storage equipment for the chemicals.

Trigon hits the road

HAMILTON-based Trigon Plastics Ltd is taking its latest developments in plastics packaging straight to the customers' door.

The company has commissioned a specially fitted caravan to travel the country visiting meat, fish and poultry processors and packers to promote its frost-free packaging concept.

The new skin-to-skin packaging technique has captured much interest and the company decided the easiest way to demonstrate it was to take it on tour.

The caravan will contain the Ampac Frost Free packaging machine developed by Trigon and Fabers Machinery Ltd of Auckland, and special T-500 film for customer demonstrations.

"The object is to take the system directly to the processors, to package their own products in their own environment enabling them to see for themselves how the Frost-free packaging system performs," Trigon general manager Len Belz explained.

The name is derived from the film's ability to conform to the product shape, eliminating air entrapment which causes unsightly frost formation on the inside of a pack when it is frozen.

Belz said the system, the result of several years of research and development work, will shape packaging film to the exact configuration of the article that is being wrapped.

He maintained that meat, fish and poultry processors specially will be interested in the travelling display because of the cost effectiveness, improved product appearance and reliable product protection afforded by the system.

Another development by Trigon is a new purpose-designed film development and testing laboratory.

Located in the company's Hamilton headquarters, the new facility is already operational and much of the $100,000 worth of sophisticated equipment it will accommodate is already in place.

In addition to vital testing facilities, equipment includes machinery for frost-free packaging, vacuum-pouch packaging, automatic deepdraw packaging and machinery for form-fill-and-seal packaging.

Belz said the laboratory would enable Trigon to become more streamlined in developing and perfecting films to suit various packaging machinery requirements over a wide range of applications.

"In the past, when we have been working on custom-design film, the method of testing has been to take several prototype films to the client's machines and evaluate their performance *in situ*."

Belz said that with duplicate packaging machinery in the laboratory, however, considerable time was saved and there was no need to disrupt production flow-lines on clients premises.

As well as offering assistance in the development of specialised packaging films for specific packaging needs — largely co-extrudates for overseas markets — the laboratory will provide improved quality control facilities for Trigon's standard range of films.

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NEW ZEALAND'S NATIONAL WEEKLY OF BUSINESS, POLITICS AND ECONOMICS

NATIONAL BUSINESS REVIEW

Incorporating Admark

80 cents

Inside

Aluminium fabricators fear price regime will cut exports

by Warren Berryman

EXPORTERS of manufactured aluminium products fear the new pricing regime for primary aluminium billets worked out between Comalco and the Trade and Industry Department will wipe out their price advantage and curtail exports.

From September 4, Comalco's primary aluminium will be sold to local manufacturers at the Alcan world prices. Formerly the price was set by Trade and Industry's price stabilisation section.

But from Thursday primary aluminium will be released from import control. New Zealand manufacturers will be allowed to import their raw material.

Comalco has agreed to supply any legitimate local demand for aluminium in future. The word "legitimate" is understood to mean any local manufacturer intending to buy primary aluminium for further value-added processing.

The new regime means a hefty price increase for local manufacturers.

The present New Zealand price is $1610 a tonne delivered free into store by Comalco. The current Alcan world price is $1795 a tonne cif Hong Kong or Rotterdam.

Comalco's marketing manager (smelting division), Merv Bennett, said that over the first nine years of Comalco's operations here, the New Zealand stabilised price had averaged out to within $10 of the Alcan world price.

When electricity prices increased in 1977, Comalco increased its prices above world prices. But Comalco's prices now are well below world prices. This has given a price advantage to local manufacturers, resulting in increased exports.

Bennett said Comalco welcomed the new pricing regime. Comalco's smelter, running 24 hours a day, was not geared up to meet fluctuations in demand.

Manufacturers, running plants only eight hours a day, had the flexibility to increase throughput when their raw material prices here were below the world level, and to cut back production and aluminium purchases when local prices were above. This led to shortages of aluminium on the local market, Bennett pointed out.

Past shortages have killed export orders. One of the big three aluminium users, Alcan, had supply problems last year. (The other two big users are McKechnie Brothers (NZ) Ltd and Comalco Extrusions, a 50/50 joint venture owned by Comalco and AHI).

Alcan general sales manager Ben Pester said his company exported $5 million worth of manufactured aluminium last year. This year the figure would have been vastly increased but for Comalco cutting back on Alcan's allocation of aluminium. When Comalco cut supply, Alcan lost export orders, Pester said.

Comalco's undertaking to supply local users with primary aluminium should be good news for local manufacturers like Alcan.

But the new price is another matter. Pester said manufacturers would find it difficult to export without a price advantage to offset New Zealand's freight disadvantage.

But the move to the world price for aluminium might be a blessing in disguise. Under the old regime, Comalco could justify price increases when the cost of electricity went up. It is likely that these price increases might have led to primary aluminium prices for local manufacturers soaring above world price levels.

The Alcan world price was chosen as the best barometer because Alcan is the world's largest supplier of primary aluminium. The London Metals Exchange has been handling aluminium for about a year. But the volumes bought and sold there were not considered sufficient to be a basis for world prices.

There is also a spot market for aluminium. But prices there fluctuate with scarcities and gluts.

Local manufacturers will still have a slight price advantage over some of their worldwide competitors. Comalco will deliver aluminium anywhere in New Zealand free into store at world prices.

In other countries, Alcan prices are quoted on a cif basis to Hong Kong or Rotterdam. So the New Zealand buyer has Comalco paying its freight as part of the full price.

Comalco has half share of the smelter's output (about 75,000 tonnes of primary aluminium a year). The Japanese partners have the other half.

Of Comalco's share, about 30,000 tonnes is sold locally.

Transport upheaval

REMOVING the 150 km road haulage protection for New Zealand Railways would slash its share of goods traffic by about 12 per cent, or $49 million a year.

Another $15 million would be lost in selective rate cutting to keep the rest.

The total loss to Railways would be $64 million a year.

These are just some of the facts and figures in the Ministry of Transport's policy committee report to the Transport Advisory Council.

The report, due to go to Cabinet today was leaked to TVNZ's *Eyewitness* last week.

Railways lost $89.4 million last year. But according to the report, if Railways did lose its protection, it could expect to make cost savings of about $18 million within three to five years.

Most of the cost savings would involve labour reductions — 63 per cent of rail expenditure in 1978-79.

Some 1250 staff would need to be shed and many of the 1100 temporary employment workers released. These staff reductions would be over and above those already planned.

Instead of providing a feeder service, road transport would play a line-haul role.

Some operators would lose traffic, but others would gain.

The estimated cost of taking over railways operations is about $30 million.

Transport users would benefit by about $47 million a year.

If the 150 km limit was removed, we could expect some reduction in the size of the rail network, the non-replacement of staff and some redundancies, a reduced borrowing programme, and the closure of branch lines and minor stations.

Continued on Page 5

Postal rates affect subs

INFLATION may have become a way of life for New Zealanders. But the extraordinarily high increases now facing publishers are likely to seriously threaten the survival of some publications.

The directors of *National Business Review* have attempted to minimise the subscription and advertising rate increase necessitated by large postal, paper and wage increases.

The subscription price of *NBR* will increase to $30 from September 1. Advertising rate increases will be advised shortly.

It has been suggested that the unprecedented 100 per cent increase in postal rates — effective from October 1 — is a direct assault on the freedom of the press. It is certainly true that it hits subscriber-based publications particularly severely; in the case of *National Business Review* there will be an immediate $4.80 increase to the cost of servicing each subscriber.

It is essential to bring in the subscription increase immediately, as *NBR* will be carrying this cost for differing periods of time for most subscribers.

The week

Support for Poles

THE Federation of Labour sent a telegram to Poland to express support of the Gdansk strikers' cause despite SUP ambivelence.

LABOUR Minister Jim Bolger said the FOL's hopes of winning wage settlements on an employers' ability-to-pay basis were not velid; the 13 per cent barrier would stick.

POLICE have sterted investigations into the controversial Marginal Lands Board application by Audrey and Jim Fitzgerald. Members of the commission of inquiry into the affair were announced (Dr Don Inglis QC, vice-president of the Law Society, Richard Bolt, Jack Loftus).

AIR New Zealand suffered a loss of $16 million for the year to March 1980.

AN American trade hearing has challenged Delta Plastics' right to export plastic animal identification ear tags while receiving Government tax incentives. The results of the hearing may threaten New Zealand exports to the United States.

LABOUR Minister Jim Bolger's intervention brought the Wellington tug masters dispute to a speedy end.

SOUTH Island domestic electricity users hope to get 25 per cent cuts in the cost of electricity; Energy Minister Bill Birch did not reject the idea, but wouldn't promise anything.

FILM-MAKERS endorsed the Cinematographs Films Act Amendment Bill, which will delicense the industry.

WEEKEND petrol sales have been resumed.

THE Government plans to install a $700,000 computer system to screen out restricted immigrants at major airports.

THE Arbitration Court ruled that the choice of introducing new technology lay with employers and was not something to be settled in court as an industrial matter.

THE Bubbling Springs salmon farm at Takaka aims to become the largest in the Southern hemisphere. It will cost up to $6 million and employ more than 100 people, pending the go-ahead from the Nelson Catchment Board.

DESCRIBING Labour's use of party logo stickers on cars as "smart alecky", Prime Minister Rob Muldoon said the Government should amend a clause in the Electoral Law to allow only party ribbons, streamers or rosettes to be displayed on vehicles.

THE inflation rate would not drop below 15 per cent according to Prime Minister Rob Muldoon. But he predicted that it will ease in the second half of the year and through next year.

SUBSIDIES to water authorities for water fluoridation were increased.

A 15,526-strong petition calling for a ban on farmland sales to foreigners was rejected by the Government.

THE DSIR set up an electronic database to hold all information on scientific research. It hopes to link the system with an Australian base.

A JAPANESE manufacturer opted out of a wool deal because of delays caused by striking storemen and packers at Wiri woolstores. Shipments to other countries appear to be in jeopardy.

STRIKING storemen and packers resumed work at the Huntly power project. Public service labourers returned to work on a work-to-rule basis, demanding wage increases and extra holidays.

VALUES Party founder Tony Brunt is stepping down from his Wellington City Council seat after six years.

A LOAN of $25 million was floated by the Dairy Board.

DIRECT negotiations began between strikers and Government in Poland. Earlier the Government sacked several senior ministers and promised trade union reforms.

IN South Africa several moderates were given key posts in a Cabinet reshuffle.

The business week

Aemil Ltd reported an unaudited tax-paid profit of $18,667,000 for the year to June 30 ($14,397,000 last year). A final dividend of 3.25c is payable on November 14.

Arnold & Wright Ltd will pay interim dividends of 5c and 6c on cumulative preference shares on August 31.

Baillie Farmers Motors Ltd reported an audited tax-paid profit of $252,085 for the year to June 30. A final dividend of 4c is payable on October 13.

Brierleys Investments Ltd withdrew its take-over bid for **Jemes Aviation Ltd.**

Challenge Corporation Ltd reported an unaudited tax-paid profit of $22,477,000 for the year to June 30 ($16,048,000 last year). A final dividend of 11 per cent is payable October 29.

G J Coles Ltd reported an unaudited tax-paid profit of $51,479,000 for the year to July 28 ($43,906,000 last year). A final dividend of 9.5c is payable on October 11.

Crown Consolidated Ltd reported an audited tax-paid profit of $1,932,000 for the year to June 30 ($1,642,000 last year.) A final dividend of 8.5c is payable on October 28.

EZ Industries Ltd reported an unaudited tax-paid profit of $A37,233,000 for the year to June 30 ($A17,613,000 last year). A final dividend of 20 per cent is payable on October 31.

Humes Ltd reported an audited tax-paid profit of $1,305,000 for the year to June 30 ($1,155,000 last year). Final dividends of 3.75 per cent for preference shares and 9 per cent for ordinary shares are payable on September 10.

Salmond Industries Ltd will takeover **E J Hyams & Son Ltd** subject to the approval of the Examiner of Commercial Practices.

A J White Ltd reported an unaudited tax-paid profit of $135,964 for the year to June 30 ($122,147 last year). A final dividend of 7 per cent is payable on October 31.

Woolworths reported an unaudited consolidated operating profit of $13,236,000 for the six months to July 30 (an increase of 29.17 per cent over seme period last year). An interim dividend of 4.5 per cent is payable on October 31.

To benefit small shareholders of **Carter Holt Holdings Ltd** the Commerce Commission made it possible for shares bought by **Customhouse Holdings Ltd** and **New Zealand United Corporation Ltd** in Carter Holt to be registered in the neme of the public trustee. At the company's annual meeting Carter directors were widely supported by shareholders in pushing against the **Fletcher Holdings Ltd** takeover bid.

A hearing looking into the distribution of funds from the sale of the **Chateau Commodore Hotel** was set for September 8.

The week ahead

MONDAY: Trade and Industry Minister Lance Adams-Schneider speaks on New Zealand-Australian trade relations at an Australia-New Zealand Association meeting, Wellington.

TUESDAY: Lands and Education select committee looks at the Shop Trading Hours Amendment Bill.

Lands and Agriculture select committee looks at estimates.

Statutes Revision Committee looks at the Wanganui Computer Centre Amendment Bill.

WEDNESDAY: Local Bills select committee looks at the Racing Amendment Bill and the Urban Transport Bill.

THURSDAY: Prime Minister Rob Muldoon attends the biennial Commonwealth Heads of Government regional meeting in New Delhi.

New Zealand Forest Products' annual general meeting in Auckland.

The week

Political opponent sparks Law Society inquiry

by Werren Berryman

WAITEMATA City Mayor and lawyer Ian McHardy is under investigation by the Auckland District Law Society after a complaint was laid by political opponent and Te Atatu Ratepayers Association chairman Ron Manuel.

The Law Society is inquiring into allegations that McHardy, an officer of the court, bought a residential property with his former girlfriend in the names of George Ian Nixon and Barbara Pauline Nixon, and that when selling the property, he witnessed his own (Nixon's) signature.

Law Society sources said they saw little wrong in buying a property under an assumed name so long as there was no intent to mislead or defraud. But they said it was not proper for a lawyer to witness his own or an assumed signature on a legal instrument filed in the Land Transfer Office.

The Law Society is concerned that the complaint might be politically motivated and that the alleged breach might have damaged no one financially.

The inquiry has drawn the interest of McHardy's political opponents, who have spent years trying to establish if his actions as mayor have conflicted with his private interests.

Also interested is McHardy's invalid ex-wife, Patricia, who has spent years trying to discover the extent of McHardy's assets to obtain a settlement under the Matrimonial Property Act.

Both Patricia McHardy and the political opposition have been frustrated in their search when the trail led to lawyer's trusts accounts to which they had no access.

Land Transfer Office files show that in 1974 a property near Henderson was transferred to George and Barbara Nixon. At that time McHardy was still living with Patricia.

McHardy's girlfriend of the time has written to the Auditor-General and supplied a sworn affidavit to Patricia McHardy to the effect that George and Barbara Nixon were in fact she and Ian McHardy.

The mortgage document on the property, signed by the Nixons, was witnessed by Ken Crane, a lawyer then working for McHardy's past legal firm, Davenport Buxton Gibson McHardy and Partners.

Crane said that as he remembered it, the Nixons came into his office separately. Crane said he did not know them but he said he had no reason to believe they were other than what they claimed to be.

Crane said it was not McHardy who signed the document.

The transfer document recording the sale of the property in 1976 is signed G I Nixon and B P Nixon and witnessed by Ian McHardy (at least, the witness's signature reads I McHardy).

McHardy declined to comment when asked about the inquiry.

When *NBR* suggested it might be a political matter, he said: "Quite obviously, isn't it?"

He suggested "very strongly" that our reporter "sit on it for a few days."

The Waitemata City elections fall due in five weeks.

The anti-McHardy independents are banding together to form a united front against McHardy and his "action team" for the elections.

Key issues revolve around McHardy's use of the city's money in projects in which he had or has an alleged vested interest. (*NBR* July 21 and July 28).

The city recently guaranteed a $130,000 loan to the Redwood Park Country Club, after the club had been turned down four times by lending institutions for an unguaranteed loan. McHardy is a founder member and acted as lawyer for this exclusive club.

Rising city expenditure and rising rates are at the root of much of the opposition to McHardy.

McHardy has plans on the drawing board for a new city council building, a huge industrial park, and other projects.

New rules for spending

THE Cabinet has approved new methods for controlling Government spending. The new methods are being applied to the preparation for 1981-82 departmental budgets.

By and large they follow the procedures outlined by Associate Minister of Finance Derek Quigley in a speech last month (*NBR*, August 18).

The new methods aim to ensure that spending does not exceed a total settled on by the Cabinet as desirable.

It involves setting a total cash limit and sectoral cash limits within that — and bringing ministers into the process so that they are encouraged to keep spending down rather than push it up.

They would be expected to decide on priorities within their spending limits. New programmes would have to be financed out of their limited allocations.

Apartheid splits workers

NO-ONE is talking about it. But *NBR* understands that anti-apartheid politics are splitting the Insurance Workers Union.

Staid and conservative, the Insurance Workers Union is not the sort of body one would expect to align itself with the demonstrators who broke up NZI's last annual general meeting. NZI and South British, both of which have ties with South Africa, are the union's biggest employers.

Sources say the union is interested in taking up space in the Labour Party's new building in Wellington. For the necessary funds, it seems the union went to NZI and South British after getting the cold shoulder elsewhere.

Then came a union executive meeting in Wellington two weeks ago. No one will confirm or deny it, but about half the 11-man executive is said to have figured that taking money from firms that did business with South Africa was not on. There was talk, too, about officials refusing to work in a union office financed by NZI and South British — something akin to a paid executive going on strike against its own union.

It seems the anti-NZI and South British contingent received support from the FOL.

Conservative elements in the union are talking about severing ties with the FOL.

The week

Ministry looks at freeing up road-rail competition

Continued from Page 1

To achieve profitability, Railways would need to concentrate operations where there is sufficient volume of traffic to justify continued operations and rigorously reduce costs, particularly through shedding of labour.

Railways capital would need to be restructured to ensure it was not placed in an unrecoverable financial position. This could mean a reduction in Railway's interest burden.

The report looks at alternative means of freeing up competition between road and rail.
- An extension of the 150 km limit to a higher figure;
- More commodity exemptions;
- The establishment of zonal systems;
- Alterations to the licensing criteria;
- An increase in the own-account weight limit;
- Relaxation of the one-third rule.

The report also examines factors distorting road-rail competition. Increases in road-user charges were doing little more than keeping pace with the increased Railways budget, the report said.

"The increase required for typical road transport vehicles operating at maximum axle weights is well in excess of 40 per cent," it said.

The report looked at Railways freedom from sales tax and Customs duty, the Government direction of Railways, investment allowances on road transport vehicles, concessional interest rate loans to Railways. It also considered social and environmental costs.

"A more efficient way of reducing social costs may be direct intervention to require vehicles to meet certain standards," the report said.

It contains some harsh criticism of the licensing system and quotes overseas experience with quantitative controls.

THE Ministry of Transport policy committee's report to the Transport Advisory Council — criticising the country's transport system — makes these fundamental points:

- "The cost to operators of the present licensing system in management and legal time is about $2 million a year. This money could be saved by removing the adversary system," the report said.
- "The revenue of the licensed road goods industry in New Zealand is estimated at $690 million a year."
- "Leaving aside the historical reasons for protecting rail as a public investment and to protect the railways rating structure, the only economic justification for protecting rail is that traffic allocations result in a lower cost to society than with freedom of modal choice."
- "There are strong economic arguments for taking corrective measures to ensure that prices do reflect costs through fiscal means rather than by imposing blanket restrictions."
- "The important consideration is that, under competition, Railways will be forced to adjust to either meet the needs of the user with technological improvements or to abandon the carriage of the traffic to the cheaper modes."
- "So long as the remaining traffic covers the direct costs in both the short and long term and there is a net benefit to the community, then the service should be continued. The financing of the service is a separate question but should not be forced upon particular traffics which would otherwise be lost to road. Railways are of course able to reduce the rates provided they are above direct operating costs in order to retain the traffic."
- "The provision of uneconomic (usually passenger) social services is an invalid economic argument for rail protection . . . the use of artificially high rail rates on protected traffic to finance social services results in the same misallocation of resources associated with the differential rating policy . . . nevertheless Rail protection has been used as an instrument of public finance and income redistribution."
- "There is no economic justification (for railways) to soak up the unemployed during recessions. This policy is counter-productive because in a recession there is usually a downturn in freight with less work for existing staff . . ."
- "The following branch lines are loss-making: Okaihau-Whangarei, Dargaville, Thames, Cambridge, Napier-Gisborne, West Coast, Otago Central, Kingston-Lumsden and Mossburn-Makarewa. Some of these branch lines are retained not only for social reasons but also in anticipation of future use as particular development comes on stream."
- "If Railways were fully re-imbursed on a commercial basis for their social services their revenue for the 1978-79 year would have increased by about $60 million, thus reducing the rail loss from $70 million to $10 million (which could be regarded as the non-social freight services)."

The long-term effect of removing quantity controls in New Zealand, the report said, would be cost reductions of between 7 and 15 per cent, or $50 to $100 million a year.

Quality licensing is stated as making two contributions:

- Allowing a person who can provide certain business skills to operate a transport business;
- Precluding those who are more likely to work outside the law.

It is certain that a major restructuring of Railway finances and operations will take place.

Rail protection will be relaxed — probably by extending the list of exempt goods (goods that can be carried by truck without reference to railways' protection measures) and by establishing zonal systems.

Massive layoffs of staff are probably not politically acceptable. But elements of "quality" licensing may be adopted.

Ultra-modern ski lodges: AHI quiet about Turoa land development

by Gordon McLauchlan

JOHN David Robinson, former director and shareholder in the Robinson and Rezler companies, is trying to buy land from AHI for development in association with the Turoa Skifield, near Ohakune.

Robinson and Rezler Associates Ltd, former publishers of *City Girl*, came to the public's notice through the *Auckland Star's* Mr Asia drug series. Co-director with Robinson was Harry Lewis, who was murdered allegedly by the drug syndicate.

Robinson and his wife, Julia, are forming a company called Arc-Horn Holdings Ltd, specifically to build ultra-modern ski lodges.

They already have saleswoman Landa Gibson in the field. But Robinson agrees the land has not been bought, nor is the subdivision approved. The company is still in the process of registration.

AHI refused to comment on the Arc-Horn Holdings purchase, but it is understood the deal is at an advanced stage.

About 10 developers are buying or have bought land on the 20 hectares AHI have set aside for accommodation development.

Robinson and Rezler Associates Ltd, went into liquidation last year. Robinson was also a director and shareholder of Robinson Rezler Associates Australia Ltd, but resigned his directorship in October last year.

The financial affairs of both companies and several of the directors are being investigated by the Inland Revenue Department.

Robinson's fellow directors on the two companies were Loise Eve Rezler, George Papaconstantinou and Harry Lewis, whose handless body was found in a shallow grave in Australia and whose death has been publicly associated with the Mr Asia drug ring.

Another director was Auckland lawyer John Murfitt, who is facing three charges of forgery, two of uttering forged documents, and one of making a false declaration.

A deposition hearing was held in Auckland District Court last month. Murfitt formerly acted for Marty Johnstone, also known as Mr Asia.

The present charges against Murfitt revolve around Murfitt's trust account and a $4000 mortgage document (*NBR* June 2 1980).

The Inland Revenue Department is known to be making wide-ranging investigations into the affairs of the previous publishers of *City Girl* magazine, which is now published by an entirely new company.

"My connection with Robinson and Rezler was a long, long time ago," Robinson told the *National Business Review*.

"I left simply because I didn't like what was going on," he said.

Told that the Inland Revenue Department was investigating their companies, he said "I'm well aware of that."

He had been "in close touch with the authorities" since he resigned from Robinson and Rezler Associates (Australia) Ltd.

Gibson has been offering for sale a number of two-storeyed, ultra-modern houses, octagonal in shape, for between $55,000 and $57,000.

She told *National Business Review* that four had already been sold.

Murfitt hearing adjourned

AUCKLAND lawyer John Murfitt has appeared in a depositions hearing in the Auckland District Court to face three charges of forging documents, two of uttering, and one of making a false declaration.

The charges result from the laying of a complaint with the Auckland District Law Society, which was followed by a search of Murfitt's house and the seizure of documents under a warrant issued under the Law Practitioners Act.

The Law Society has temporarily suspended Murfitt from practise.

The charges against him revolve around a $4000 mortgage document and financial transactions relating to Te Totara Farms Ltd, in which Murfitt and some of his relatives have an interest. (*NBR*, June 2).

Te Totara Farm manager Brian Smith, when shown a mortgage document on a property that he and his wife had owned, claimed the signature on the document were neither his nor his wife's.

In cross-examination, Smith said Murfitt produced figures early this year, claiming he had contributed $207,000 to Te Totara Farms Ltd. The report was passed on to another accountant, who reduced this sum to about $10,000, he said.

Murfitt's lawyer, Paul Cavenagh, asked if the figures produced by Murfitt had been prepared by Kendon, Mills, Muldoon and Browne. Smith said: "Right".

The hearing was adjourned until October 8.

Comment

Editorial

THE USSR-aligned Socialist Unity Party faction of the trade union movement is placed Poles apart — if you'll excuse the expression — from its comrades on the question of striking workers in far-off Gdansk. And the contortions of the self-confessed Communist trade union leaders left the public bemused — if not downright confused — about the precise nature of Federation of Labour policies towards worker uprisings behind the Iron Curtain.

SUP Leaders Bill Andersen and Ken Douglas certainly were in something of a dilemma as they tried to reconcile a dogmatic adherence to Soviet-style Communism with a Polish cause that inevitably won sympathy from the great bulk of the trade union movement in New Zealand.

Andersen essentially stuck to a statement opposing anti-socialist strikers in socialist countries. He didn't think the question of Soviet armed intervention would arise, but if that became necessary, then the strikers must be anti-socialist and the SUP would support the Polish Government if it asked Russia to step in.

Whatever Douglas might now say is his position, it has shifted from his stance when a group of Polish New Zealanders called on him on Friday, August 22, to seek FOL support for the Polish strikers. In his view, he said then, conditions in Poland were not repressive; rather, "Polish workers do not live under the same type of repressive regime as exists in this country" (but he hadn't been to Poland, and whatever the Muldoon Government might have done to undermine workers' rights, it's a far cry from the brutal suppression of strikes in Poland 10 years ago).

Douglas gave the Polish delegation what the press described as a cool reception. The sentiments they expressed "seemed aimed at being anti-Communist and anti-Polish Government"; he pointed out, and the Poles in this country "tended to destroy their credibility" by releasing details of their appeal to the FOL to the news media.

Labour Party president Jim Anderton was quick to condemn the initial statements by Andersen and Douglas, and pledged whatever support the Labour Party could give to the Polish workers and their trade union leaders. The Socialist Action League also criticised the SUP, saying the Polish workers were fighting for democracy within a socialist society — just what the SAL was fighting for in New Zealand. Meatworkers Union secretary Blue Kennedy warned that trade unions faced "intervention from anywhere" if they failed to support Polish strikers. Electrical Workers Union secretary Tony Neary wanted to know how Andersen and Douglas could seriously defend workers and trade unionists against attacks from the Government while supporting "blatant attacks by the state on Polish workers".

But all that criticism had been unnecessary, Douglas then declared. The FOL had sorted out the matter on the Friday, he insisted. In what was a clear piece of back-tracking, he said he had expressed his personal support for the Polish strike to the New Zealand Polish delegation, and that the FOL had acted immediately in sending a telegram to Poland and a letter to the Polish Embassy.

That raised other questions of credibility. Douglas said the cable had been despatched to Poland on the Friday. Knox said it left Wellington last Monday.

No cable was mentioned by Knox the day after the Polish Association had called for FOL support. Nor did he mention messages having been sent out in his name. Neary wanted to see the telegram, which in fact had gone to the Central Council of the Polish Trade Unions, the state organisation from which the strikers are seeking independence.

Knox, of course, had dallied in sorting out the tangle of statements, personal attitudes and conflicting loyalties that clouded the FOL's position. Dealing with Neary, he adopted the belligerent tactic commonly employed by Prime Minister Rob Muldoon. Neary was trying to split the trade union movement and had direct support from an outside country "which is as anti-Communist as he is" in his efforts to "take the strength out of the FOL", he stated. He did make clear that — as president of the FOL he would offer "full support to workers of any country who are struggling to improve living standards and their right to have freedom to oppose any Government which is threatening to take away those rights and freedoms." But he rejected Neary's call for the FOL national executive to consider the Polish workers issue immediately; he would wait for a planned meeting on September 8.

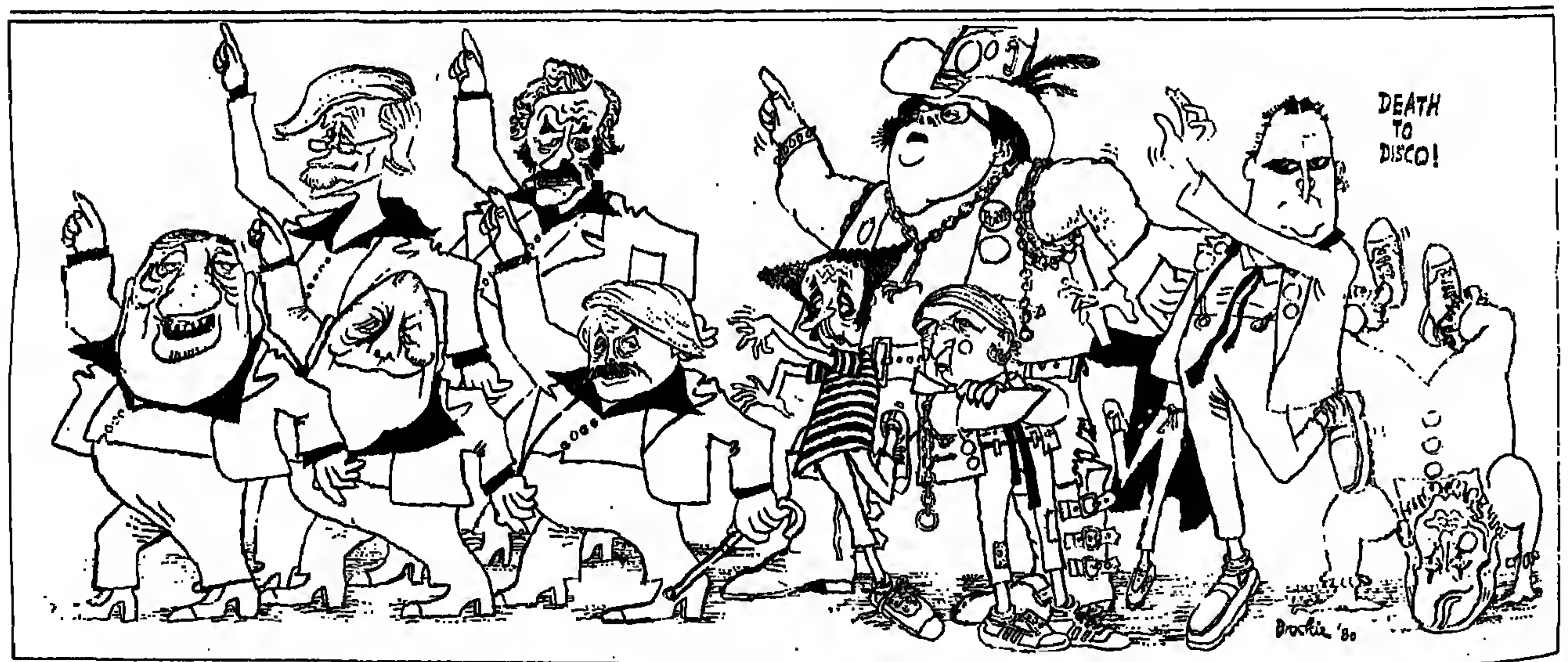
In Poland, meanwhile, the Gierek Government was treading more cautiously than the Gomulka Government had done in cracking down on the strikers 10 years ago. While delicately moving to allow more individual freedoms in response to the Gdansk strike action, it must remember how its Warsaw Pact partners, under the dominance of the Soviet Union, reacted to liberalising trends in Czechoslovakia and Hungary.

The Polish workers who are the thorn in Gierek's side fundamentally seek liberties that are taken for granted in the West. Among the strikers' demands are free trade unions and leaders selected by secret democratic vote. Those sort of demands inspired the FOL to respond to calls to express opposition to the Chilean Government by slapping a ban on trade with that country.

The Poles want no trade ban. They do want moral support. The Australian Council of Trade Unions unanimously passed a motion announcing its support the same day that Douglas apparently was giving his Polish visitors the brush-off. Socialist leaders in southern Europe have expressed solidarity with their Polish brothers. The union movement has always had its left-right schisms, and the Polish issue is certainly serving to polarise them. But the FOL's tardiness in resolving its differences and determining its exact position looks like giving it the same stamp of stubborn eccentricity on the Polish issue as on the Chilean trade boycott.

— Bob Edlin

Brockie's view



Without word of a lie

Air N Z given lift with more shares

AIR New Zealand, quick to defend its right to apply private enterprise principals to setting fares, has flown to the Government's pocket as soon as it hit financial trouble.

A day or two before the airline announced a $15.6 million dollar operating loss for the last financial year, the Government slipped a clause into a Finance Bill validating the acquisition of 8 million $2 shares in the airline.

The Government paid for the shares on July 22, more than a month earlier. And the $16 million handout — which, coincidentally almost matches the operating loss — exceeds the dividends the Government has received as the sole shareholder of Air New Zealand and NAC for the last four years.

Keeping T and I staff informed

NBR can claim a good share of the responsibility for provoking the Ombudsman's inquiry into the La Varis affair, which in turn led to the three trials recently of former Trade and Industry Assistant Director Brian Pound.

What we did not appreciate at the time of our La Varis probe was that we were keeping import licensing offices up to date with reorganisations of the creaking system they were administering.

Giving evidence in Pound's defence, Trade and Industry executive officer (special duties), Peter Garford, who was in import licensing at the time, told how he learned of changes in the system.

"I think it came out in an article in *National Business Review*, that's where I first read it, some time round about the La Varis case I think it was."

Great Scott! Some agree with Rob

SATIRIST Tom Scott didn't get 100 per cent support from fellow journalists during his recent contretemps with the PM over that oh-so-delicate official visit to China and India.

When his Parliamentary Press Gallery colleagues met to decide on an appropriate response to Muldoon's blacklisting of the *Listener* columnist, *Auckland Star* political reporters moved that the Prime Minister's declaration be noted and that no further action be taken. And during the discussions, a certain antagonism towards Scott was expressed.

As one of the fourth estate so nobly expressed it, you've scorned us in the past, so why should we help you now? (a clear expression of irritation that Scott should be ungracious enough to mention in his column certain goings-on that Parliamentary journalists would prefer had remained under wraps).

In the upshot, the Gallery adopted a motion deploring the PM's attitude and asking him to revoke his decision. But the attitude of the *Auckland Star* reporters perhaps explains Muldoon's statement that there were a number of Gallery journalists who agreed with him that Scott should remain safely at home.

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Comment

Emasculating ALAC — mystery knife job by Govt

by John Gamby

THE savage financial cutback imposed on the Alcoholic Liquor Advisory Council last May was widely reported amid expressions of concern from the press, from treatment agencies, from industry and from the liquor trade itself.

Some newspapers readily carried an unobtrusive statement that a small portion of the money denied the council is to be released after all. This sum is tied to funding the work of the National Society on Alcoholism and Drug Addication and the Salvation Army — and it is being given after protracted negotiation.

The specification of these two bodies may provide a clue to a mystery that has puzzled some friends of the council.

ALAC was set up as a statutory body in March 1977. Its task is to encourage moderation in alcohol use by:

- Providing educational material in the schools and media;
- Providing consultation to industry on such issues as alcohol-induced absenteeism;
- Fostering more effective and integrated treatment systems;
- Assisting voluntary agencies, including church-based ones.

Its income is derived from a levy on the liquor industry which is permitted to pass this on to the consumer. Initially the levy was set at .18c per litre of beer, which is about 1c for every 7½ bottles of beer sold. There were similarly tiny levies on wine and spirits.

In theory, this provides ALAC with an independent income tied to drinking rates.

There are urgent reasons to encourage altered drinking patterns:

- DSIR findings that 50 per cent of victims of fatal road accidents have high blood alcohol levels;
- Moderately well-substantiated claims that one in six hospital admissions are alcohol-generated.
- Large numbers of convictions for drunken driving;
- Frequent implication of alcohol in cases of rape, incest, child abuse, spouse abuse, let alone property offences.

The fact is that alcohol abuse contributes greatly to pressure on our overloaded health services and law courts.

We could argue that all this stems from the wickedness of drinking individuals. But there are strong vested interests which favour perpetuating this "self-induced" pattern of harms.

The first is the liquor trade, long the target of temperance groups, churches, hapless spouses and eager socialists. The second — and biggest — is the Government.

Government's takeoff in indirect tax on liquor sales is a cool $225 million each year. It is well known that the Government, already desperate for cash to fund an insatiable superannuation scheme as well as industrial development, is under pressure to reduce personal income tax. Indirect tax income must be sustained if that is to be done.

It is also well known that ALAC is just beginning to get into its stride as a preventive agency. Until now it has tended to underspend its budget (as can be seen in the table below).

	1977/78	1978/79	1979/80
Estimated Need	$1.4m	$1.5m	$1.8m
Expenditure	$0.892m	$1.382m	$1.827m

On January 30, the council applied for a budget of $2.3 million for the 1980/81 year "to meet a widening range of activities, particularly in the critical prevention fields, and to sustain ongoing programmes and the demands of inflation".

It was known to all that the liquor levy mentioned above had yielded richly because of a miscalculation somewhere in the Customs pipeline. The proposed budget would have left very adequate reserves.

Something happened.

The consultation process which normally takes place in determining the spending of statutory bodies was bypassed.

An arbitrary decision was made by Prime Minister Rob Muldoon to reduce total ALAC income for 1980/81 to $1.5 million.

The levy does not come from the public purse, but directly from the pockets of drinkers. Thus such a reduction does not make sense as a Government cost-cutting measure.

Further, in a time of stringency few publicly-funded agencies will have taken a paper money cut of 17 per cent before inflation (total cut 30 per cent).

Why then has such a grant — apparently of no interest to a Minister of Finance — been savagely pruned?

It might have been said that the decision was taken in haste. But Muldoon, after further representations from ALAC, declined to reconsider.

So we must assume he acted after careful weighing of the issues. What might these be?

One possibility is that ALAC has offended him. If this is so, the grudge must be personal and private, because he has never aired it.

In any case, ALAC is circumspect in its work and goes to some lengths to offend few, as far as outsiders can tell.

Much more likely (and highly discreditable) is that the Government is resolved to maintain its $225 million tax take. If this is the reason, then it's a short-sighted policy, given the losses in life, health and wellbeing listed above. If alcohol abuse costs one-sixth of the Health vote alone, that $225 million is expensive money.

ALAC's proposed budget, at 1 per cent of this, is pin money.

Evidently the Government has a healthy respect for the danger which a co-ordinated attack on liquor abuse represents to its income.

At any rate it is clear that Muldoon has taken steps to ensure that ALAC cannot develop as an independent statutory body. The liquor levy has been cut by two-thirds, in direct contravention of earlier firm commitments by the Government.

The money thus released goes back to the liquor trade, while the levy stands at about 1c for every 20 bottles of beer. It is unlikely that the bottle-scarred crops of veterans who rally round to keep ALAC in funds can step up their jug rate to ensure the council adequate reserves for future work.

It seems that, from now on, if ALAC is to expand its work it must dip into the public purse and compete with demands from Health, Social Welfare, Police and Justice Department, whose demands it was intended to reduce.

Justice Minister Jim McLay has announced that a small part of the money denied the council is to be released — specifically for the National Society on Alcoholism and Drug Abuse and for the Salvation Army.

These agencies have always been strongly oriented toward a chronic alcohol abuse — that is, toward care of the heavily drug-dependent, the ill and the destitute.

What McLay doesn't say is that extra money is to be denied educational and preventive programmes, to industrial programmes, to hospital-based (first line) assessment centres, and to urgently-required research into alcohol use and abuse.

It's a case of more money for sorting out the shambles at the bottom of the cliff, less for building fences at the top. What is the Government's rationale for this choice of priorities?

Why has this Government declared war on its own enlightened legislation? Why has Muldoon intervened to reduce this statutory body to petitioner level? Why have McLay and other ministers withdrawn support from ALAC's preventive role and concealed the real intention of their cuts? Why has the State assumed direction of ALAC's policy?

If the Government is trying to protect its indirect tax income, its Ministers would be advised to consider the social costs of such a manoeuvre.

If that is not the reason, then we are entitled to expect that the Government makes its reason known.

John Gamby is senior lecturer in clinical and community psychology at Victoria University of Wellington.

The dream of a corporate state is fast becoming a reality

by Warren Berryman

FLETCHER Holdings set a new style for annual general meetings in a masterpiece of public relations.

Shareholders who gathered in Auckland already knew of the company's record $30.1 million profit. So it was perhaps unnecessary for directors to justify their performance to investors.

So instead of talking to shareholders, Fletcher executives appeared to be aiming their comments at the public at large.

The thrust of the swept-up presentation, slides and so on, was not so much what Fletchers was doing for investors, but what Fletchers was doing for New Zealand.

All of this fits neatly into Hugh Fletcher's concept of New Zealand Incorporated, where big companies (like Fletchers) work hand in glove with labour and the Government. In such a state we would all be shareholders in Fletchers, whether we liked it or not.

In a sense, of course every taxpayer is already a shareholder in Fletchers (whether he knows it or not and likes it or not) because many of the company's activities depend on Government favour or subsidy.

Fletcher's forestry operations and those of its subsidiary Tasman Pulp and Paper, are fueled on subsidised wood from State forests.

The tax-payer-funded Forest Service grows trees at a cost of $15 a cubic metre, which it could export for $40 a cubic metre. But it sells to Tasman for between $2 and $9.25 a cubic metre.

Fletcher Sovryflot, a joint fishing venture between Fletchers and the Russians, was granted to Fletcher by the Government after New Zealand fishing companies were turned down. And so Fletchers, with no history of involvement in fishing, was handed a big chunk of a national resource by Government *fiat*.

Then there is Fletcher's Alusuisse aluminium smelter project to be powered by State electricity. — the price of which was kept secret, till debate became an exercise in futility, from the taxpayer who funded the generators, dams and power stations and is still paying off the interest and exchange losses for those projects.

Hugh Fletcher's dream of a corporate state is fast becoming a reality.

Perhaps Fletchers should issue three classes of shares:

- "A" shares for Fletcher and Cabinet ministers within the inner secret sanctum.
- "B" shares for Fletcher Holdings shareholders who might not share in secrets but at least share in Fletcher's profits.
- And "C" shares for taxpayers who contribute to Fletchers profits but share neither the secrets nor the dividends.

Only one minor event flawed Fletchers AGM. Between talks and slide shows demonstrating just how much Fletchers was contributing to the economy, job opportunities, and export earnings, the audience was promised a taste of squid caught by the Russian joint-venture trawlers.

When it came to drinks and supper time the squid pro quo turned to a damp squid for none arrived on the platters. Instead the guests dined on a very palatable orange roughy, and loved it. Prophetic, perhaps.

Warren Berryman is NBR's Auckland reporter.

Letters

The veil stays in meantime

IN terms of the policy of freedom of information which your paper pursues, I request that you furnish, in your paper, the name of your Economics Correspondent and that in future his or her articles be signed, as is the case with your other contributors.

J V White
Wellington

THE great unveiling will take place when we are confident that our objective – the discussion and debate of the issues raised in the economics column – will not degenerate into a personality clobbering. While our emphasis is on those issues and discussion of the questions raised, we consider the author's identity immaterial. – Editor.

Hauraki not eligible

IN his article How Radio Hauraki could have outrun TVNZ (*NBR*, August 4), Warren Berryman uncritically followed the line a vested interest fed him.

This "acceptance journalism" is unhelpful generally, and in this instance overlooked several crucial points. The most important one of all was that Radio Hauraki has never been eligible under IOC rules to cover the Olympics by television. Such rights can be secured only by a national television organisation and this fact has already been acknowledged by Mr Weil.

Hauraki has a track record in radio. It may have been more rewarding for readers had your writer examined their performance in this area, where they had broadcast rights for games coverage, and compared it with the Broadcasting Corporation's radio coverage. In the process perhaps Radio Hauraki's performance in recent years in news and sports reporting may have been touched upon in the light of the Broadcasting Tribunal's recent assessment.

The Broadcasting Corporation can't be held responsible for the Olympic boycott, nor for the withdrawl from the Asian and Pacific Broadcasting arrangements of most member nations because of the boycott.

Charles Martin
Public affairs manager
BCNZ

WE push nobody's barrow. Some of Hauraki's management haven't talked to *NBR* reporters for two years because of some of our stories.

Our point was that if TVNZ had co-operated with Hauraki, coverage of the Olympics probably would have been better than it was. Hauraki has correspondence from the IOC stating it was happy to deal with Hauraki and Channel 7.

Hauraki's proposal was to use the BCNZ's facilities, which are both Government owned and capable of providing national coverage. The BCNZ declined the Hauraki proposal. If it had been a case of either Hauraki or TVNZ, the OIC and APBU undoubtedly would have opted for TVNZ.

Hauraki's radio coverage of the Olympics and its general news coverage (or lack of it) was irrelevant to the thrust of our article.

In line with our usual practice, we did not accept Hauraki's line or its PR handout. We checked with Hauraki, Radio Pacific, and those at TVNZ in the front line on Olympic coverage. – Editor.

Availing selves to media

I WAS intrigued by John Mullinder's story (*NBR* August 4) on the saga of automotive parts being imported into New Zealand through a double mistake: a mistaken price offered in Australia, followed up by a Ministry of Trade and Industry mistake in granting an import licence.

Since Eric White Associates' name was mentioned in an allegedly "curious" association, I want to set straight the record about our involvement: Repco New Zealand Ltd are our clients. Repco were told by Warren Smith that he had been interviewed "for an *Eyewitness* programme". On Repco's behalf we telephoned *Eyewitness* to say that a Repco representative – a management representative, not myself, and not any other public relations person – would be happy to be interviewed on the programme if *Eyewitness* wanted a Repco point of view.

There was nothing "curious" about such a call. Our advice to almost any client is to make themselves available to the media when any inquiry focuses on their business. This is particularly so when the client – in this case Repco – has a perfectly straight-forward and valid answer to any potential criticism.

If such a call is "curious", as John Mullinder says, what are other public relations consultants advising their clients to do in similar circumstances? Hide? I don't believe it.

David Exel
Eric White Associates
Wellington

Conference carrying

I READ with interest the article prepared by John Draper on the ABC Line (*NBR*, July 21).

It stated that having shipped more than half the wool put up to open tender by the Australian Wool Corporation, ABC has come out the clear winner against the conference lines by offering rates which are understood to be at least 20 per cent below normal to Europe.

What is not mentioned is that the Australian/Europe Conference is carrying half the wool put up to tender. The actual quantities moving are 21,687 bales for ABC and 22,251 for the Conference, on current AWC estimates.

J L Davies
Deputy chairman and managing director
Seabridge Australia Pty Ltd
Sydney

Promotion was the objective

SIR,
I WOULD like to correct two errors in your article on our *Conference News* (*NBR*, August 18).

The magazine did not pay for itself in advertising revenue – but the major reason for publishing it was to promote our own directory.

The $300 surplus over the print bill ($1200) is to cover the typesetting of an extra 24 pages of copy and to do paste-up of the 40 pages.

Jason Publishing Co Ltd
J D Sandford
Publisher

Politics

"Communism is the best thing to campaign on"

by Colin James

THE Security Intelligence Service has discovered the Socialist Action League is infiltrating the Labour Party.

That shows at last that at least some SIS personnel can read. There in black and white, month after month, in its publication, *Socialist Action*, the league has proclaimed its support for the Labour Party.

No doubt also, reading all the material in that paper about overseas events, the SIS has concluded that it is part of some horrendous international conspiracy that is about to bring to its knees not just the Labour Party but the entire country.

I presume we are now expected to believe that Keith Locke, George Fyson and the band of 200 really secretly control whizzkid Jim Anderton and his lefty intellectual mates.

Quake in your shoes. Because of this hold, no doubt, the Labour Party is secretly plotting to nationalise AHI, Forest Products, Kentucky Fried Chicken and even the Bank of New Zealand and Petrocorp.

Let that lot in power and next thing they will be trying to stop journalists attending international conferences in case they do not write about it in an "appropriate" way.

They may even start raiding the SIS's *files* for names to read out of Friends of Rhodesia who have infiltrated the National Party and thus threaten to subvert society as we know it.

Bruce Beetham ... will not succumb.

And such readings, as we all know, would be a disgusting thing to do because people are entitled to their point of view and should be able to peacefully propagate it in the marketplace of ideas, no matter how ridiculous or "wrong" we think it.

For do we not all, like all liberals in the National Party, endorse those lofty ideals of John Stuart Mill? To wit: "If all mankind minus one were of one opinion, mankind would be no more justified in silencing that one person than he, if he had the power, would be justified in silencing mankind."

(Shades of the anti-censorship ambitions of the striking Polish workers which we have all been in favour of, haven't we?)

Back to Mill: "We can never be sure that the opinion we are endeavouring to stifle is a false opinion; and if we were sure, stifling it would be an evil still."

We might all agree that we should stop Socialist Action Leaguists from blowing up the Beehive or forcibly taking over the radio stations.

But do we also believe that we should pillory them, try to stop them expressing opinions?

Of course we don't. No more than we believe that we should pillory and silence the leaguists from the other end of the political spectrum – the League of Rights, the far-right group which has periodically moved in on the Social Credit Political League.

We know that, whatever the Labour Party's new breed grubbily half-insinuates in its election propaganda, Bruce Beetham and Co are not anti-semites (though some of their predecessors of 25 years ago may have been thought to have had tendencies that way with their conspiracy theories about the Money Power).

Nor are Beetham and the modern Socred party about to succumb to the machinations of a handful of latter-day misfits.

And, if we stop to think, we know that there is no danger of the Labour Party falling into the hands of the Socialist Action League.

There simply are not enough of them. And they are not in key positions.

Policymaking is effectively in the hands of the MPs. And not only are none of the MPs SAL members or sympathisers, but there is no prospect of the SAL raking up enough Labour Party memberships either to supplant any of the MPs with their own alumni in candidate selections, or to put them under pressure.

And even if there was, the New Zealand Labour Party (unlike, perhaps, its British counterpart) has shown considerable skill in dislodging dissentients.

Remember Peter Fraser's rough-house purge of John A Lee in 1940. Recall Bill Rowling's rooting out of leftists in 1972. Tolerance in the Labour Party goes only so far.

So Labour does not really need help from the SIS. It is quite capable of suppressing unacceptable sorts of free speech on its own.

So what was the Prime Minister on about?

He was kicking up dust.

Once I used wrongly to think that when he kicked up dust it was to occlude some other activity he would rather the public did not focus on. Diversionary tactics, that is called.

A senior union leader confessed to me a couple of weeks ago that he had always thought the Prime Minister did everything according to some long-term plan.

But after years of mystified searches for ways of fitting apparently contradictory behaviour into a plan, the unionist has at last concluded there is no plan.

In other words, he has recognised along with the rest of us that when the Prime Minister kicks up dust he is kicking up dust.

His aim is nothing more than to put enough of it in the air so that some hangs around.

The aim in this case: to leave "conspiratorial-extreme-left" dust hanging over the Labour Party. The taint, once-removed, of communism.

Given the tendency of extreme left movements to split and splinter, there will be many opportunities for him to kick up more dust before November, next year.

There is a passage in Hugh Lunn's thoroughly readable biography (*Joh*, by Hugh Lunn, Sun Books Melbourne) of the Queensland Premier, Joh Bjelke-Petersen, a man whose political style has many similarities with that of our own Prime Minister. It goes: "He based his successful election campaigns on anti-communist speeches, almost ignoring such things as unemployment and high inflation. 'I have always found communism is the best thing to campaign on,' he once said."

Joh has been in power 12 years. Who is to say that he has got it wrong?

One for the liberal cause

by Colin James

I HAVE unearthed one MP who disapproves of the Prime Minister trying to get accreditation to the New Delhi Commonwealth meeting denied to Tom Scott. That is Marilyn Waring.

I put to a number of rebuted "liberals" in National ranks the following question: "On the record, do you approve of the Prime Minister's attempt to have Tom Scott barred from accreditation to the Commonwealth conference?"

(That is not barred from the Prime Minister's own official party, but barred by conference authorities from covering the conference as a private journalist.)

Answers:

Waring: "No."

Mike Minogue: "You take the good with the bad in journalism. If you think you are going to have journalists the way you want them, you are making a big mistake. The idea of a tame core of journalists is fanciful ...

"It is not for me to approve or disapprove."

Ian Shearer: "Yes. Judging by Mr Scott's most recent effort in the *Listener* I would think the Prime Minister is fully justified in denying Mr Scott accreditation."

George Gair: "No comment."

Barry Brill: "No comment."

Marilyn Waring ... "no".

Paul East: "No comment."

Jim McLay: "The decision is entirely for him (the Prime Minister) to make. The same would apply to any minister – it would be up to him to make the decision in regard to the nature of the trip or the conference concerned. . .

"I would add that the first thing I read in the *Listener* is Tom Scott's column."

Geoff Thompson: "I accept that his type of satirical journalism has no place in that conference as an official report. But I don't necessarily think he should be prevented from writing in a non-officially-endorsed, private capacity."

Economics

Budget-consciousGovt cuts investment spending

Economics Correspondent

WITH unemployment approaching 60,000, the country needs more investment to generate jobs, reduce the impact of fluctuations in overseas prices on our market and promote growth in the economy.

But despite the economy's thirst for more investment, spending on new capital works continues to fall.

When the economy is sick with slow growth malaise, as it has been for more than five years, businesspeople are reluctant to invest. After a number of years of decline, some firms are completely winding down their investment activities.

Central government can offset falls in private sector investment during periods of economic downturn. Yet evidence published recently by the Ministry of Works and Development shows that this Government is following the trend set in the private sector, reducing its capital works spending.

In March year 1980, the Government spent $615 million on its works programme expenditure. This is $50 million less than it spent the year before. The absolute fall in spending is substantial, but the fall is even more dramatic when rises in the costs of investment materials are considered.

The volume of the Government's investment spending fell by about 16 per cent during March year 1980. There is some justification for this decline. With falling school rolls, we may not need so many new schools.

But there were dramatic falls in Government investment in roads, railways, public buildings and the development of natural resources. The Government's investment for housing construction fell from nearly $50 million to just over $43 million.

And central government's capital spending is unlikely to be much higher this year. The amount appropriated for works programme expenditure is $618 million, only $3 million more than was spent last year. If inflation continues at about the present rate, spending at this level will result in a fall in the volume of investment (the number of buildings, roads and so on put in place) of about 15 per cent.

By the end of June, only 20 per cent of the $618 million appropriated by Government for this year's capital worka had been spent.

The largest falls in the Government's investment spending are occurring in the electric supply industry. In 1978-79, $282 million was spent on investment for electric supply. By 1979-80, investment in this industry had fallen to $242 million and is expected to reduce to $228 million this year.

Capital works spending provides one of the main areas of discretionary expenditure for the Government. When economic activity declines and the private sector shows a reluctance to invest despite rising unemployment, the Government may smooth out the effects of economic decline by increasing its own job generating investment expenditure.

Trouble is, when general economic activity declines, the

Government Investment Continues to Fall

March year	Government works programme ($m)	Gross Domestic Product ($m)	Percentage Government works is of GDP (%)
1971-72	237	6886	3.4
1972-73	299	7932	3.8
1973-74	301	9164	3.3
1974-75	443	10,068	4.4
1975-76	603	11,627	5.2
1976-77	570	14,030	4.1
1977-78	630	15,236	4.1
1978-79	666	17,646	3.6
1979-80	615	20,695*	2.9
1980-81	618(est)	23,335*	2.6

*NZIER estimates

Government finds it harder to balance its income and expenditures, just like any other business. And if it were to attempt to increase its investment spending, the Budget Table 2 deficit before borrowing would be larger than the $1260 million estimated for this year.

The Government has stated that its main concern is to maintain tight control over its expenditure. Departments have been told that there can be no new capital works programmes undertaken.

There is a confusion between rigorous control of Government expenditure and the precise use of deficit finance as a means of controlling economic activity.

Since inflation causes Government spending in committed areas such as public servant salaries, social welfare benefits and health care to increase automatically, the best way to keep the Budget Table 2 deficit from becoming too large is to cut back discretionary expenditure.

And the main area of discretionary expenditure is Government investment.

Since taking office, this Government has been determined to reduce its Budget deficit as much as possible. So despite large rises in automatic expenditures, discretionary expenditures have been cut sharply, in real terms. Work programme expenditure has fluctuated at around $600 million in money values as the table shows. It peaked at $666 million during election year 1978-79.

When taken as a proportion of gross domestic product (GDP), works programme expenditure has fallen from more than 5 per cent in 1975-76 to 2.6 per cent this year.

These figures seem to suggest that if the Government is attempting to influence economic activity, it is in a pro-cyclical way rather than counter-cyclically. As economic activity has fallen, the major discretionary component of Government spending has fallen faster.

During election year the Government did attempt to generate new investment. But it seems likely that it was for different reasons than the desire to use counter-cyclical measures.

The Government could use counter-cyclical policy to offset falling private sector investment with very little discomfort to the economy. Government capital works programmes can be financed by borrowing overseas or through the Reserve Bank.

Two factors that mitigate against the use of counter-cyclical policies are that the method of financing them could add to inflation and the Government may find it difficult to disentangle itself from commitments to investment activities once the private sector perks up and finds it needs builders and other resources.

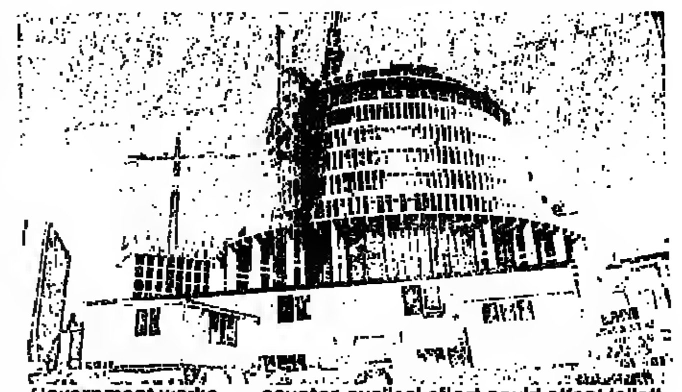
But it is unlikely that these mitigating factors are so great as to justify continuing declines in the volumes of central government capital spending.

National Development Minister Bill Birch knows that the Government can play a major role in stimulating investment growth. But his attempts to generate enthusiasm over large, export-orientated, capital-intensive (rather than labour-intensive) projects owned by the private sector are not doing us much good now. These projects are not likely to be under way much before 1984.

And the economy will not reap the benefits of these investments until the end of this decade.

We cannot sit back and twiddle our thumbs until then.

Since 1975, investment in all forms has declined from 27 per cent of GDP to a forecast of less than 19 per cent in 1981. The Government can help generate investment by providing an atmosphere conducive to private-sector risk-taking.



Government works . . . counter-cyclical effort could offset falloff.

But while you can lead a horse to water, you cannot make it drink. Until the private sector actually undertakes job creating investment, we face growing unemployment. It is time all the experts working for Government went to their drawing boards and designed a few labour-intensive, short-term capital works projects to fill the gap.

Or at least presented us with the arguments as to why this is more difficult than working out the national benefit of large, ostentatious developments like aluminium smelters.

Major micro agreement to boost export income

PETER V O'BRIEN comments on the financial and business week, appraises the share market and analyses the company accounts.

CABLE Price Downer Ltd's technical and licensing agreements with the American giant, Gulf and Western, in micro-processor based products should give the Wellington based group a considerable increase in export income.

The agreement, announced at CPD's annual meeting on Friday, is based on the formation of a new company, Aquila Electronics Ltd, which will take over for about $3.7 million, in cash, Harding Signals Ltd of Lower Hutt and a Gulf and Western Australian subsidiary, Eagle Signal Company of Australia Pty Ltd.

Cable Price Downer will own 70 per cent of Aquila, with the remaining 30 per cent in the hands of present senior executives and shareholders of Harding.

The technical and manufacturing agreements with Gulf and Western for micro-technology in traffic signals, energy management, industrial controls and industrial systems provide exclusive rights for Australasia, Singapore, Malaysia, Indonesia, Hong Kong and the South Pacific.

While these areas are generally considered the market prerogative of Japanese electronic companies, *NBR* understands that the Japanese are not involved in the technology covered by the products in the agreement.

Announcing the agreement on Friday, CPD's chairman, Bill Steele, said the move would permit a much greater degree of rationalisation of product systems than is presently possible in both Harding and Eagle operations, and that this would mean a significant increase in trans-Tasman trade.

Steele said the new company would expand exisring manufacturing and distribution facilities to cater for the potentially huge market in new technology systems in the South-East Asian and South Pacific regions. An entirely new and significant export field for New Zealand would be opened up.

In an interesting reversal of the current bogey about micro-processing, Steele added that an increased work-force in the present Harding and Eagle operations was one of the many significant features of the joint venture company. He said it was an excellent illustration of new technology industries' capacity to boost employment in this country.

The joint venture has received the go-ahead from New Zealand's Examiner of Commercial Practices, Alan Monaghan, and needs only the formal approval of Australia's Foreign Investment Review Board.

NBR also understands that Gulf and Western is involved in the deal only to the extent of the licensing and technical agreements.

That point is relevant to the total scheme, in my view, because Gulf and Western has a reputation as a tough operator in corporate acquisitions and disposals.

The scheme put together gives New Zealand the benefit of access to the most up-to-date electronic technology in fields where CPD companies, Harding, and Eagle have expertise, without raising the image of micro-processor invasion by an American conglomerate, although Gulf and Western already has an interest in the New Zealand clothing industry under the "Hickory" label. We understand that the problem of administering an Australian subsidiary of a complex American corporation was a factor in Gulf and Western's decision to sell Eagle Signal Co of Australia.

Gulf and Western has eight operating groups; Leisure Time, Manufacturing, Apparel and Home Furnishings, Consumer and Agricultural Products, Paper and Building Products, Automotive Replacement Parts and Natural Resources, and Financial Services.

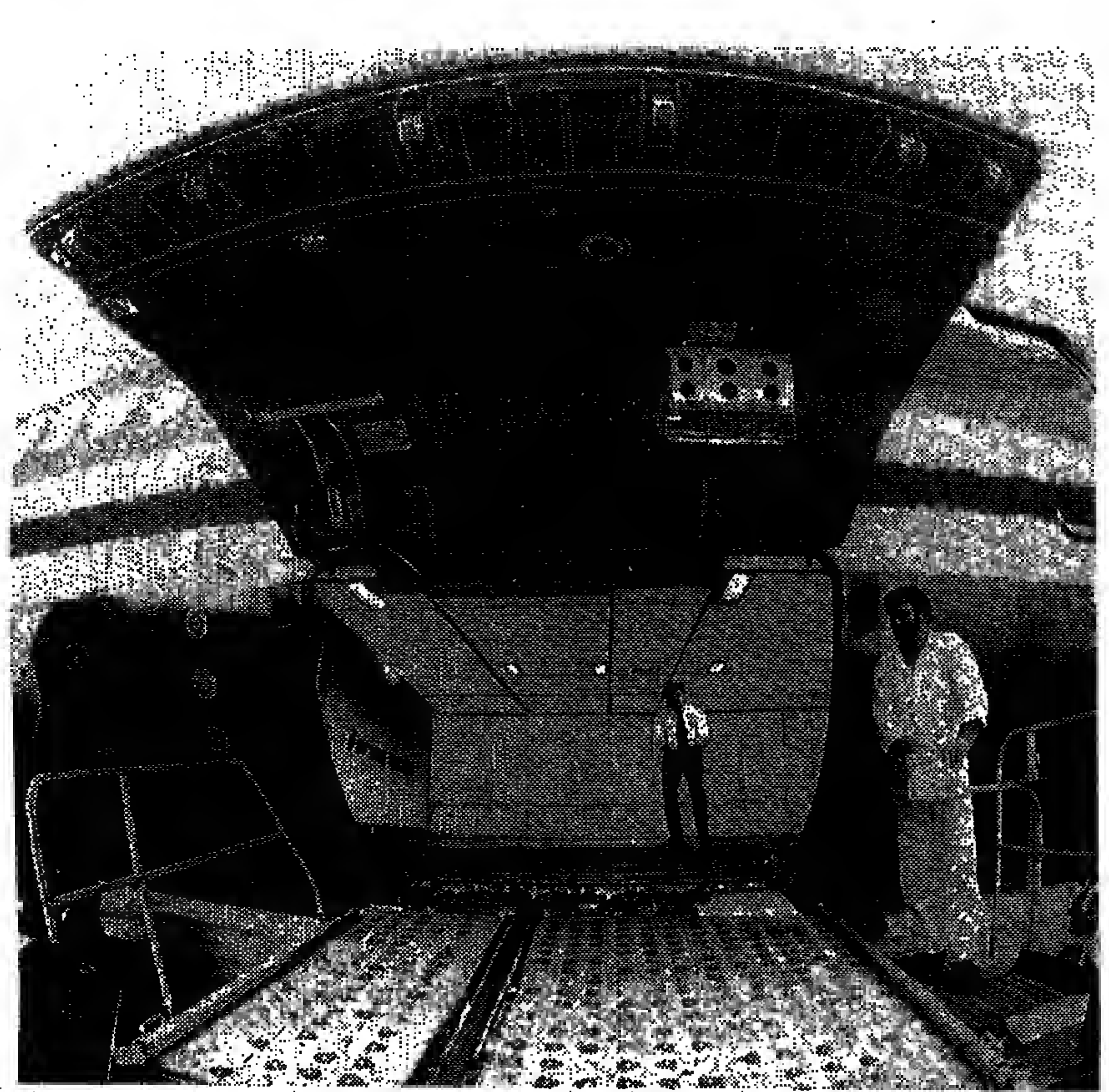
Those business categories cover a wide slice of the United States economy. Notable Gulf and Western subsidiaries include Paramount Pictures Corporation, Madison Square Garden Corporation (sports, entertainment, thoroughbred and standard bred horse racing), book publisher Simon and Schuster, Kayser-Roth (clothing), Brown Corporation (pulp, paper and paper products), and a host of other activities, including the rights to the "Miss Universe" contest, through Kayser-Roth.

(K-R receives fees from personal appearances by [illegible] Universe, but we [illegible] whether that was an important factor in CPD's decision [illegible] in with G and W in a technology and manufacturing [illegible] agreement).

The Manufacturing Group, under which the electronic products come, spent $US[illegible] million on capital expenditure in calendar 1979, compared with $US33 million in the previous year. In 1978 and 19[illegible] the Manufacturing Group spent respectively $5,245,[illegible] and $5,257,000 on its own research and development projects, plus [illegible] $1,307,000 for 1979 [illegible] government-funded research projects.

G and W earned a cool [illegible] million in net profit in [illegible] compared with $180 million the previous year, on shareholders funds of $1501 [illegible] lion, for a return of [illegible] cent.

The new joint venture [illegible] significant diversification for CPD, which has large investments in the difficult construction and heavy engineering industries. The group's existing interests in electronics based equipment, but the activity, with its export potential and access to G and W expertise should be a [illegible] extension.



High fliers take short re[st] from recent market run

THE sharemarket was easing in the middle of last week under the influence of several interacting forces.

Some investors were probably profit-taking, either to realise good capital gains made over recent months, or to gear their cash resources for the September provisional tax take.

It is always too difficult to quantify the amount of money taken from any session of profit-taking, and the date with the tax man compounds the problem.

There had to be a short-term halt to the recent run among the high fliers. The forest-connected trio, Challenge, Fletcher and Tasman, NZ Forest products, Brierley, insurances, and the energy stocks have been the market's favourites for several months.

Awareness of deteriorating economic conditions se[ems to] be a second factor influencing share prices. The drop in [retail] store turnover (*NBR*, [August] 25), followed by Prime [Minis]ter Muldoon's comment [last] week that he would be able [to say] a little more to the eco[nomy] after his return from ov[erseas] mid-October if it needed at[]tention (see similar comment *NBR*, August 25; is he [] reading us?), and his view [that] inflation was unlikely to [drop] below 15 per cent before [the] end of the year, would be [] among various groups of in[]vestors.

The Dairy Board announced the terms of its fixed se[curity] issue on Tuesday. It is bid[ding] for $25 million with the right [to] accept oversubscription of [an]other $10 million, for total [] million.

The rate is lower than the 15.5 per cent maximum offered in the aborted earlier proposal, but the general return in both types of investment is well up with the market.

The "straight" option of 14.75 per cent for three years and 15 per cent for five and seven years is not far below the previously proposed 15.25 per cent for three years and 15.5 per cent for six and 10 years, although the total saving in interest bills over the life of the securities is substantial in dollar terms.

The "bonus" rate option also has a variation of less than 0.5 per cent to maturity when compared with the earlier proposal. While the base rate has been reduced from 14.5 per cent to 13.75 per cent, the bonus at the end of the six year period rises from 8 to 10 per cent. The bonus has to be discounted back to an annual rate to maturity, which lowers the margin on the base rate from its apparent 0.75 per cent.

The removal of $25 million, or $35 million, from the market (assuming the board raises the full amount) will tighten the amount available for alternative investment.

(In discussing the board's terms, questions of life insurance and so on, which add to an individual's overall "return", have been ignored, because they will have no influence on institutional investment in the issue, although it could be said that they raise the "rate", and therefore make the investment more attractive to individuals).

A fourth, and more intangible element, in the present market, is the current lack of anything to anticipate.

Most of the big companies have reported, and the results that are still awaited can be assessed from the figures produced by other units in their industries.

The June/July balancing retailers' results will be announced in the next few weeks, but investors have little interest in that sector at present. The stock and station companies' results will also flow through, but the Challenge announcement is the high point of that sector.

Peak time for company meetings ends by August 31, with a gap of several weeks before the June companies hold court for their shareholders. Their meetings tend to overlap with the next batch of half-year reports from March balancing groups.

Consequently, the annual lack of stimulus, which occurs in the spring, is underway. A combination of the four factors, irrespective of what particular weight is given to each, has slowed the market down after its heady surge (at least among a few trendy companies) since March.

Share investment is a continuing business, but there are always times when the investor has to sit out a dull period. Profit-taking often carries the corollary of switching to other stocks which are seen to be undervalued, but when nothing is moving even the alternative investment has to be held until the next trend gets underway.

Something may happen tomorrow to push prices up again, but at present it seems unlikely, apart from the odd adjustment, until the interim reports from companies like Tasman and Fletcher (the latter incorporating 56 per cent of the former's profit) come to the market in November.

At that point the analysts will be able to check their figures, see whether they are on target with projections for 1980-81, and get their recommendations out to clients. We may then have another burst, because I have a feeling that the average investor is finding it difficult to believe the figures being quoted, and wants to see the hard evidence. In the half-year reports. That evidence will probably be provided.

O'Brien on business

Analysing annual accounts – D McL Wallace

GOVERNMENT inaction on policy matters affects company balance sheets. The 1980 annual report of Auckland based D McL Wallace includes a 27.6 per cent increase in inventories, pushing that item of the consolidated balance sheet from 37 per cent of total assets to 40.6 per cent.

The dollar value went from $3.7 million to $4.7 million. A note to the accounts says that CNG and LPG equipment represents the major share of the increase in inventories.

An extensive section of chairman David Wallace's review analyses delays in getting Government policy for vehicles conversion "on target".

This seems to be one of the reasons for the build-up in CNG and LPG stocks, although there is no direct co-relationship shown between the two in the chairman's review. But the company says it looks forward to "greatly increasing returns from motor vehicle gas conversion equipment sales as this year progresses".

D McL Wallace is a comparatively small company, with total assets of $11.7 million and shareholders funds worth $5.5 million.

In relation to the major companies discussed here in recent weeks, the group is the size of one of their smaller subsidiaries, but it is still a stock exchange listed organisation, and therefore it must be subjected to the same disclosure principles applicable to the big companies.

The accounts fail to meet these principles in several areas, in spite of extensive notes to the accounts, and a reasonable directors' report and chairman's review.

The problems are in the profit and loss account. The company, following the Accountants Society's standards, gives its turnover (which went from $6.8 million in 1979 to $8.4 million last year), but omits a division into local and export sales.

Since Wallace earns considerable sums overseas, relative to total turnover, and thereby picks up a sizeable amount in export incentives, it would be useful to have a breakdown of the sales components.

"Profit before taxation" is the next entry in the profit and loss account. There is no statement of expenses, so shareholders and other readers are unable to see how the company performed in holding various sections of its overhead.

Profit before taxation went up 79 per cent to $685,010, a solid rise, but it was then subjected to a tax liability of $138,959, as against a tax credit of $10,247 in 1979.

The tax note lumps $376,248 as "permanent deductions". The only explanation of that figure is "taxation charged against profits for the year includes both current and deferred tax and advantage has been taken of all available export incentives, deductions and deferrals allowed by the Income Tax Act 1976".

That form of statement is unsatisfactory from an analytical viewpoint, and is adopted by too many companies. The present state of export incentives, varying market conditions overseas, and the different mix of the qualifying expenditure (or export sales value) each year make it essential that companies break down their tax allowances.

A breakdown allows an analysis of what is likely to be constant from year to year, and what is subject to wider fluctuations. That in turn makes assessment of net profit performance in the current year a more accurate exercise.

Until a standard system for tax notes is adopted in company accounting, the relationship of profit to total investment has to rely on the pre-tax figures when comparisons are made between industries and between companies in the same industry.

In D McL Wallace's case, a pre-tax profit gain of 79 per cent is reduced to an increase of only 19.3 per cent in consolidated profit after tax, before extraordinary items but including the equity share of associated companies' retained earnings (not in the pre-tax figure).

The last item dropped in 1979-80. The share of associate companies' retained earnings was $122,172 compared with $166,812 in the previous year. Four associated companies are included in the consolidated accounts; Diversey Wallace Ltd, based in Auckland (cleansers, detergents and so on); Industrial Waste Collections Ltd, also in Auckland (waste collectors and pollution control); D McL Wallace Pty Ltd, Sydney (Australian agent and manufacturer for the New Zealand holding company); and Advanced Industries Ltd, Co Kerry, Ireland (milking machine manufacturers).

Diversey Wallace had a 12 months year, compared with 15 months in the previous period.

Industrial Waste Collections had a "net return slightly below" the previous year. It appears that the Australian company ran into trouble from a downturn in the LPG market, and the Irish company "had a successful trading year", but "continuing progress was a little slower than anticipated", as a result of increasing difficulties in Irish dairyfarming.

Unfortunately, that is all we get from the report. More information would round out the document, because these associates make a sizeable contribution to total group profit, and, in the case of Advanced Industries, enjoy the benefits of liberal Irish industrial development incentives. (The last can sometimes give rise to intriguing accounting treatment in that country which is then transferred (in most cases) into the books of their parents, irrespective of the country of parentage).

The balance sheet, and the rest of the report, is reasonably informative. The information requested would improve the document for little cost and probably no loss of competitiveness.

O'Brien on business

There is a funny side to every vesting order story

THE Commerce Commission order last week to vest in the Public Trustee shares held by Customhouse Holdings Ltd and New Zealand United Corporation Ltd in Carter Holt Holdings Ltd overcomes various legal problems, but has an amusing aspect.

The order applies to 331,761 shares held by Customhouse and 138,709 shares bought by NZUC through New Zealand United Nominees at the end of March and the first three days of April.

New Zealand United Corporation bought 24.9 per cent of Carter Holt after Fletcher had acquired 23.6 per cent, but most of the NZUC holding was bought from institutions, who have no difficulty understanding their legal obligation to hold dividend cheques, and the scrip from Carter Holt's bonus issue, in trust for the beneficial owners.

A problem could arise with the 300 separate holdings sold to Customhouse and NZUC, because earlier restraints, and the rather esoteric nature of the legal principle, could create difficulties with the dividend cheques and new scrip among so many shareholders.

That is fair enough, but schedules attached to the order list the shareholders who sold the Carter Holt shares. They contain names of individuals and investment companies and other organisations who might be expected to have a clear understanding of the principles involved.

For example, a gentleman with the name "L M Papps" is included in the schedules. Could that be our Lyn, chairman of UEB, Dalgety, ANZ Bank, New Zealand Motor Corporation, Odlins, director of numerous other companies and institutions, and famed corporate lawyer?

If it is, surely no one is meant to presume that he does not know what to do with a dividend cheque on the 500 shares he sold to Customhouse Holdings, nor with the bonus shares?

If it is so presumed, and assuming it is the same person, there would be an interesting downgrading of Papps' ability.

Carter has had a bonus issue (on which the March/April sellers missed out) and the share price last week was $3.45 ex issue. The price paid in April was $3.25, so could Papps recoup some of his paper "loss" by taking on those who so cruelly listed him on the schedule?


Lyn Papps . . . no sharemarket novice.

Leyland Investments Ltd (12,300 shares sold to Customhouse) is another interesting name. Leyland is an Auckland investment company under the chairmanship of Auckland businessman, accountant and city councillor John Strevens, an impeccable "gun" when it comes to fulfilling his obligations, whether as citizen or trustee for a beneficial owner of shares.

The board includes another Auckland accountant, Graham Callam, also known as chairman of Dominion Breweries, Feltex, and the CML, and a director of Cable Price Downer and other big name outfits.

Callam would put Strevens back on the straight and narrow, in the unlikely event of the latter having an aberration that Leyland could retain dividend cheques and bonus scrip on the Carter Holt shares. (Mind you, Customhouse and NZUC are Wellington companies, and the Commerce Commission chairman — whose signature appears on the order — is Chancellor of Victoria University, so there might be the odd doubt about Aucklanders' training in commercial law.)

Wilson and Horton Ltd is a previous shareholder now listed in the schedules to the order. The entry pains this writer, because the company's *New Zealand Herald* allows me another outlet for this scintillating financial prose.

In the Wellington region, the name "Silverstream College Trust Board" sticks out. It is hard to imagine the reverend fathers of that Catholic boys' school squirrelling away dividend cheques and bonus scrip that do not belong to them.

The board's 7710 shares were sold to Customhouse Holdings. Customhouse (and the other parties) are trying to avoid the administrative problem of tracking numerous individual shareholders. Well so, because the alternative, which might be interpreted as some comment on the ... ness of men of the cloth, ... see the odd thunderbolt ... ing around Jarden's office, BP House, Wellington.

In 1941 a 16-year-old left Silverstream to study commerce. Now in 1980 the signature "K B O'Brien" appears on restraining orders listing old school in its schedule. What a long way he has come from those happy, pre-... Harbour, schooldays! Was it sufficient preparation for dealing with the ... Mammon and takeover inches?

The latest Commerce Commission order is a sequel ... out of another potential problem surrounding the Fletcher/Carter Holt affair which has given ... numerous problems.

Later this year the Commission will proceed to a substantive hearing on "public interest" aspects of the proposed takeover.

There has to be a ... saga, if only there were ... write it.

Stock Exchange weekly review

FOR WEEK FRIDAY AUGUST 22 TO THURSDAY AUGUST 28

	Last sale	Week's high	Week's low	Turnover
AISHORK,50C	125	...	...	0
7.3% PR	...	...	...	0
6% PR	...	...	...	0
AJAS G.K.N.	280	280	280	2600
A.J.WHITE	105	105	105	100
11.5% CONV PR	60	...	...	0
ALCAN,50C	167	168	169	4400
A.M.I.	243	246	238	46900
ALLIANCE,50C	56	58	56	15800
12% CONV PR	50	50	50	1000
ALSTIEX	115	115	110	19500
ALLIED FARMERS	290	290	290	1800
12% CONV PR	685	...	...	0
ALLOY STEEL	609	...	...	0
A.R.BISCUT, 50C	200	200	200	1200
AMPOL PET.,50C	180	...	...	0
A.BOWEN	112	117	112	7700
11% CONV NTS	105	105	105	3500
11.5% CONV PR	100	100	100	1100
AHOAI GROUP	107	107	107	3600
5-6.5% PS	43	43	43	600
12% CONV PR	95	95	95	1000
ANZ BANKING GROUP	224	235	225	16400
A.WRIGHT	330	...	...	0
"A" 6-7.5% PR	...	...	...	0
"B" 5-6% PR	60	60	60	500
A.BARNETT	185	185	155	10300
A.HILLS	35	38	31	1100
ARTHUR YATES	350	350	350	6200
10% CONV PR	137	138	138	300
ARBY BERSH	235	235	235	200
A.B.CABLES	705	...	...	0
ATLAS, 50C	35	32	25	52900
10% CONV PR	50	30	25	11600
AUCK.GAS	475	475	476	1400
AURORA,50C	175	177	175	2200
10% CONV PR	116	...	...	0
14% CONV STK	125	125	105	3700
CONV NTS 19%	192	...	...	0
A.C.I.	192	...	...	0
AUTOCRAT HOLDS	175	180	175	44000

	Last sale	Week's high	Week's low	Turnover
H.O. FARMERS	200	200	200	200
13% CONV PR	145	...	...	0
HEALING	275	280	275	8700
10% DEB	...	...	...	0
12% CONV PR	145	245	245	500
H.ROLLARD	300	...	...	0
10% CONV PR	200	...	...	0
HENRI BERRY,50C	165	165	165	10500
10% DEBS	235	...	...	0
HOOKER,50C	73	...	...	0
HUME INDUSTRIES	115	...	...	0
5-7.5% PT PR	50	51	55	2000
10% CONV DEBS	117	...	...	0
I.C.I.-CAUSTI	155	...	...	0
I.C.I.-CH71	190	192	190	4300
IND BROADCASTING	140	140	140	800
INDEPENDENT NEWS	165	165	150	8300
IND.CHEM,50C	180	180	180	1200
INTERTASMAN NZ,50C	...	...	...	0
I.W.DON,50C	245	250	245	54600
JAMES AVIATION	325	...	...	0
JAMES SMITH 50C	87	87	81	4500
14% CONV PR	40	...	...	0
J.E. WATSON	260	260	260	100
12% CONV PR	126	...	...	0
J.BURNS	180	182	180	800
12% CONV PR	160	170	165	1100
JOHN FONONO	195	200	195	1510
J.WEBSTER 50C	45	50	47	1201
12% CONV PR	40	40	40	500
J.MERCER INDS., 200C	70	...	...	0
5.25-6.25% PR	...	...	...	0
J.NATHAN	140	...	...	0
6.5% PR	175	...	...	0
11% CONV DEBS	140	...	...	0
J.RATTRAY	187	185	183	[illegible]
12.5% CONV PR	130	130	125	172
KEARNS-DATINA, 50C	210	...	...	0
L.W.RUDKIN,50C	125	120	117	14500
12% CONV PR	95	95	95	[illegible]
LANIS,50C	45	...	...	0

	Last sale	Week's high	Week's low	Turnover
SMITH & BROWN MAPLE, 50C	190	...	...	0
SMITH BIGGAR,50C	178	176	175	5600
12% CONV PR	135	135	135	400
SMITHS C.M.	140	140	140	3700
STH. BRITISH	300	305	300	21600
STHN. CROSS HOTEL	125	...	...	0
STHN CROSS MINS.,20C	28	30	29	77100
S.F.M.	215	225	215	3400
SPEDDING, 1 1	52	53	52	5800
12% CONV PR	60	...	...	0
STEEL & TUBE, 50C	101	106	101	16800
SUCCLING	135	155	135	1400
TASMAN, 50C	350	330	325	23400
RED PR	...	...	...	0
PART PR	...	...	...	0
TAYLORS	115	...	...	0
12% CONV PR	152	...	...	0
TELTHERM	175	170	170	3000
12% CONV PR	125	...	...	0
T J FOMONDI	320	...	...	0
TOLLEY	105	110	105	24900
TOUR FIJI	40	40	40	600
TRANS ASPHALTCON, 50C	47	...	...	0
TNL GROUP, 50C	70	84	80	11300
12% CONV PR	64	65	64	4400
12% CONV PR	65	65	65	2500
TRANS INTNL. TANI.T	37	...	...	0
12.5% CONV PR	84	84	84	200
15% CONV PR	95	...	...	0
TRANSVISION	217	217	215	16300
U.D.F.	147	...	...	0
U.E.B.,50C	101	102	100	14900
6.5-7.5% PR	115	...	...	0
12% CONV PR	65	65	65	900
15% CONV PR	60	60	5[illegible]	2500
UNITED STEAM [illegible]	77	...	...	0
5% PR	72	...	...	0
UNITED [illegible]	105	105	105	600
UNITED PUBLISHING,50C	190	192	190	2100
VACATION,50C	52	57	55	5500
12% CONV PR	50	50	50	650
W.G.CARPENTER,50C	254	...	...	0
W.SUTHERLAND	135	...	...	0

United States

Political performances win public thumbs-down

by Michael Hirschfeld

EVERY four yeera American summer television schedules are dominated by two events — the Olympics and the Democrat and Republican Party conventions. And this year has been en almightly flop.

The networks gave almost blanket coverage to the two conventions, but the ratings recorded the public's thumbs-down verdict on political performences.

The non-affilieted commercial stations showing mainly summer reruns attracted record audiences.

That was a double blow to the networks beceuse they are facing a major actors strike, about the division of the spoils from the new technologies of cassette and cable television, which threatens to cancel the major new programme releases due for mid-September.

Politically, the low level of intereat in the conventions was not surprising. Nor was their outcome.

Ronald Reagan got the Republicen nomination in e trot but managed to tie himself in a terrible tangle over the Vice-presidential nomination. After almost conceding a co-presidency, in the attempt to woo ex-Preaident Gerald Ford (which broke down over Henry Kissinger's role), he salvaged a 13th-hour compromise with George Bush.

The prospective bun fight at the Democret convention failed to surfece after Ted Kennedy's opening-day withdrawal, leaving President Carter with the numinetion. Before the convention one poll hed him in e humiliating third place behind independent John Anderson.

With Carter's post-convention poll boost, the Carter/Reagan race started nut nearly even.

Beginning to doubt the viability of their electoral system, meny Americans would love to see a President successfully serve two full terms. The most obvious candidate, Carter, has e lower epproval rating then Nixon et his nadir.

One of the major personal issues that Reagan must face is that he would be the oldest President ever elected to a first term. Already his concentretion span end memory ere showing signs of letting him down. Bush, an opportunist of long standing, would literally be a heart beat away from the Presidency.

Thet leaves Anderson, still trying to get on enough state ballots end handicapped by having to establish local organisations. He was a close second to Reagan in the polls.

He has finished his obligatory overseas trip and has established contact with world leaders. He offered to withdraw if Kennedy won the Democrat nomination, and is now in e position to canvass for disillusioned Democrats who cannot stomach Carter.

Having established his ideological positions during the Republicen primaries, on the socially liberal and fiscally conservative sides, he has not had to go through the some strange platform-building processes as both major perties. With no important coalitions to hold together, and not being in hock to the oil companies, Anderson has been able to propose a bold 50c a gallon petrol tax.

His next major act was to select e Vice-presidentiel running mate, an influential Democrat. This was a critical step in his coalition building, involving much more than just reginnal and speciel interests.

Andersnn now finds himself facing on the nne side an extreme right Republican who disavows the Equal Rights Amendment, and whose platform calls for Federal judges to be appninted un the husis nf their oppositiun to ahortion, and on the other a Democrat who by his economic policies has hit at the vital economic interests of those groups who would naturally support him.

A last major organisational obstacle that Andersun must overcome is finance. He is taking legal action to determine if he qualifies for Federal election matching funds which can amnunt to $US29.4 million. But, if he succeeds, some Right-wing Republicans are going to make sure that financial shortages are not the deciding factor in Reagan's campaign.

As Federal matching funds put a limit on total expenditures by any recipient, a plethora of so-called independent committees has sprung up, each one carefully not supporting the Republican Party, but being strictly issue-oriented.

At the end of this organisational phase, the electronic media may have a decisive influence because Anderson has (subject to adequate standing) been invited to join in the televised Presidential debates. If he can hang in during the next few quiet weeks, and again see his polls rise, he could be the first dark horse to become a serious contender.

The most probable Anderson impact would be to split the electoral college, so that it is unable to find a majority for any candidnte, throwing the vote to the House of Representatives. If nothing else, it will yield a flood of explanatory articles from Americnn constitutional experts in November.

But history, in the shape of George Wallace and Eugene McCarthy, suggests that the staying power of the established parties should not be underestimated. The United States, like all Western post-industrinl societies, shows a clear fall-off in support levels for esteblished political parties. But they do still possess considerable levels of allegiance end do have well-estehlished regional and local organisations.

Those that remain tied into the old party structures represent, not surprisingly, the older more traditional elements of society. Although the different activist ideological interest groups gathered within the perties can still wage active campaigns on policy isaues, the resulting party platforms are increasingly acknowledged as being little more than window dressing.

Individual candidates, in practice, are free to pick and choose emong policies they will advocate and support.

It is inatructive to watch the two party leoders, neither a true party product, as they leuoch their eppeals to traditionalists. Both make a major old-time religious appeal.

Though Anderson started his House of Representatives career es en erdent advocate of God, it is the two mainstream candidates who oow introduce God es a major supporter of their particular ideology. This ploy may turn out to be fundamental to Reagan's attempt to undermine some of what was Carter's solid-core suppor[t in] his 1976 success.

The Reagan/Bush [tic]ket should be strong in Califo[rnia] and Texas, and Bush should [be] an asset in the industrially [de]pressed but crucial north-e[ast] region.

Carter needs a secure bas[e in] the south to allow him to spe[nd] his time in the industrial n[orth] and east, but Reagan is ho[ping] to make a strong pitch to t[he] religious fundamentalists in t[he] south, forcing Carter to spe[nd] more time in what should be [a] safe home territory.

Women (insofar as they are [a] distinct electoral group) a[nd] Blacks have little reason to [vote] for the so called "hard hat" ... unions have little choice ... be lukewarm for Car[ter]. Reagan is making a strong pi[tch] for the so called "hard hat" ... This leaves the Jewish vo[te,] the other major group in [the] north/east and the tradition[al] Democratic vote is not ... Carter. It went ... towards Nixon in 1972.

Reagan is making extrava[gant] promises on territory and ... port for Israel which ma[y] backfire.

On the other hand, ... the scenario that Carter ... second term, with no po[st-] electoral ambitions, ... prepared to exert strong [pres]sure on Israel for a settle[ment] on terms desired by Amer[ican] interests, but not seen as ... by Israelis.

In its wider context ... Middle East is always cap[able of] providing a sudden ... which would radically af[fect] the election outcome. ... Carter it may produce ... pected success or at lea[st a] chance to point to Reagan's trigger-happy militarism ... potential threat to world pea[ce].

For Reagan, the Middle E[ast] can be the pointer to Carte[r's] supposed weaknesses. If ... world were to vote, the outco[me] would appear to be clear. E[u]rope, Japan, China and most [of] the Third World includ[ing] Cuba would line up for Cart[er,] leaving a strange coalition [of] Russia and the extreme Rig[ht-]wing regimes of Latin Americ[a] to back Reagan.

One unexpected issue ... has emerged along with the inevitability of a Carte[r-]Reagan clash, is an intellectual debate about the suitability of the present Presidential system.

The decline of the political parties end their subjugation ... the impact of the media has been too obvious to be ignored. In searching for measures which would restore both meaning and responsiveness to the political system, there are murmurings about how the Parliamentary system might be adapted to America conditions.

The dreamers hope for a new political era inaugurated by a[n] Anderson Presidency, b[ut] reality suggests that the choice will be between Reagan and Carter.

Carter would be strongly helped if the Anderson effort collapses, because it is clear that Anderson damages Carter much more than Reagan.

But as things stand, in th[is] dangerous game of electi[on] prediction, the odds must be [on] Reagan. The main obstacle [to a] Reagan Presidency is ... Jimmy Carter, but the ... tenance of Reagan's ... credibility under what ... the stringent scrutiny ... fourth estate.

Manufacturing

Data concealers put spoke in works of cycle dealers

by Ann Teylor

BICYCLE retailers — rather than the KGB — are keen to get their hands on data deemed top secret.

What they want to know (and we'll discuss it here in the typographical equivalent of hushed tones) is . . . the nation's bicycle production.

And we would appreciate it if out dear readers clipped out this item and destroyed it after sharing what facts we have gleaned.

The two large manufacturers — A G Healing and Co Ltd and Morrison Industries — have since supplied the Department of Trade and Industry with their production figures. And if a total industry figure is not announced by the Minister, Lance Adams-Schneider, it may be supplied to Horowhenua MP Geoff Thompson, who sought the information in Parliament.

Last year the two manufacturers could not meet the rising demand for bicycles. Interim import licenres to the value of $170,000 were issued to cover the shortfall.

This year retailers have "got stock coming out out ears" . . . have "only got themselves to blame if they haven't got enough" . . . and are "geared up for anything".

But beneath the smug satisfaction of having sufficient stock to cater for a demand that was estimated at 120,000 units last year is a frustration that particular models — specially the ladies' 10-speed and light-weight racing cycles — are not being made in sufficient quantities.

Cycle Traders Federation national secretary, Culin Dean said: "We'd love to know their production figures.

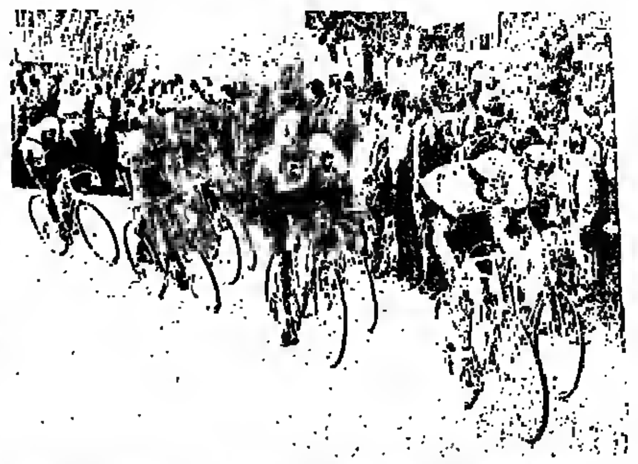
"Our members put their orders in but never know what they're going to get," he said. The demand was "getting a little like women's gloves. We get bicycles, but not necessarily the right models."

The manufacturers are dependent on a sometimes erratic import supply for parts — particularly tubes and tyres. "A while back," Dean said "the factories were putting bikes out without tubes."

Retailers agree they take a risk with imported stock.

The 25 per cent duty and scarcity of spare parts sometimes make them difficult to sell, and there's a lot of work securing the licences.

And Auckland wholesaler



Bicycla statistica . . . production for the year was CENSORED.

said he was satisfied with local supplies, but that retailers were inadequately supplied until six weeks ago.

He said both manufacturers were stepping up production, but he is putting all his import licence into ladies' cycles and light-weight racing models.

Healing director Eric Harden said: "The only way we can make these things is if they (the Cycle Traders Federation) tell us what they want.

"We figure we know what is being sold and manufactured."

Because of the production run situation there is "occasionally a shortfall in various models . . . But, within five weeks at upmost it's tidied up.

"We've got our own ways of trying to ascertain our competition. We base our manufacture on what we consider we can make and what we can sell," said Harden.

"It is not a major concern what Morrisons is doing.

"Last year's shortfall has been taken up by Morrison and ourselves increasing production."

Harden said Healing had scheduled production of the ladies 10-speed and the shortage would be taken care of in the next six weeks. The company was developing a light-weight racing cycle that would be on the market this spring.

Morrison spokesman Bob de Winter said: "Irrespective of our ability to manufacture we're still dependent on Japanese production of parts.

"We base our manufacturing and marketing strategies on what we want to do in the marketplace."

He "can't see the reason for the general public to be concerned".

Panther Power Products, one of three minor cycle manufacturers, has "been put in the invidious position right in between", said owner Frank Clavis.

He put the "ridiculous situation" down to one-upmanship.

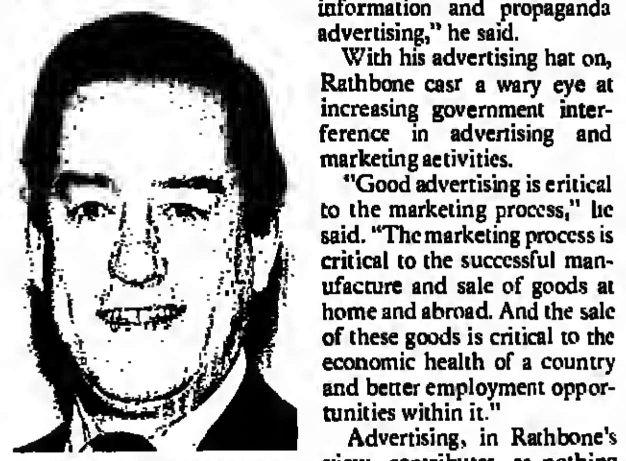
He is enthusiastic because the new craze BMX-cycle that his company specialises in manufacturing will replace 20 per cent of the total cycle market within 12-18 months if it follows overseas trends.

Admark

The political adman

IF YOU want a politician'a view on advertising or an advertising man's view on politics, you can save a lot of time by talking to Tim Rathbone. Provided you can catch up with him.

Tim Rathbone, the director of the international advertising agency group Charles Barker ABH International was oo one of those it'a — Wednesday-it-must-be-Wellington visits to New Zealand to open new office buildings of MacHarman ABH International in Parnell. He was later scheduled as guest speaker at the NPA advertising managers' conference in Wellington.


Tim Rathbone . . . sufficient information flow.

Rathbone, the Member of Parliament for Lewes, Sussex, and Margaret Thatcher's spokesman for the media, took time off while in the capital to visit parliamentary friends at the Beehive.

Admark managed to meet the urbane, articulate Rathbone when he was switched in to the advertising media.

We asked if he thought that governments communicated sufficiently to the electorate in explaining the complex problems of the day. Should they use paid space, for example?

"There is a sufficient flow of information," Rathbone said. "It comes from press reports, from the ability of the MPs to question, from public meetings and in Britain, at any rate, from party political and ministerial broadcasts."

He said that government advertising should be confined to telling people what to do — such as in health or recruitment advertiaing — or what not to do — such as in advertising on safety issues.

"There is a thin line between information and propaganda advertising," he said.

With his advertising hat on, Rathbone casr a wary eye at increasing government interference in advertising and marketing aetivities.

"Good advertising is eritical to the marketing process," he said. "The marketing process is critical to the successful manufacture and sale of goods at home and abroad. And the sale of these goods is critical to the economic health of a country and better employment opportunities within it."

Advertising, in Rathbone's view, contributes, as nothing else contributes, to free and fair competition, freedom of choice and free speech.

"We must guard against putting these freedoms in jeopardy," Rathbone said, "by our own actions. Lack of consideration of the basic rules of advertising behaviour does business generally a disservice, but particularly the advertising business, our clients and ourselves."

Criticisms of advertising are nearly oll sincere, he believes, and if the criticism is justified we must attend to it as has been done in Britain and New Zealand.

But government and unions should not have and must not have the right to interfere with the freedom of the press and broadcasters to comment on matters of public interest. Nor should they have the right to interfere with commerce or induatry's requirement to advertise goods, services, or ideas.

Rathbone pointed out that any set of political economic circumstances can be used as the grounds for an attack on advertising. At time of prosperity it can be accused of fostering materialism. In times of heavy unemployment it can be accused of fostering monopoly and driving out the small entrepreneur.

"In a very real sense advertising is a bright symbol of freedom, it is not by chance that it is essentially a method of urging which immediately indicates the existence of freedom of choice.

"If there is no liberty there is likely to be no advertising. And, if there is no advertising, there is likely to be little liberty."

"All advertising must conform to the moves of the country and failure to do so exacts a penalty. But the attack now is not on advertising standards but on advertising itself," he said.

The European Commission's Second Consumer Action Programme haa foreshadowed a new seriea of threats to the freedom of advertising in the community.

Emerging from the programme has been a draft motion which, among other things, called for a directive to ban all advertising for tobacco and alcohol products and called for further restrictions on the advertising of medicines.

In Britain alone, these three categories together accounted for a total advertising expenditure of £180 million in 1979, representing 21 per cent of manufacturers' consumer advertising.

The Tripartite has launched intenaive lobbying action and important amendments have been drafted. Trade associations and chambers of commerce have been involved. The matter comea to debate in October or November.

"We must watch the bureaucrats and parliamentarians alike in the EEC to resist their interfering tendencies," Rathbone said.

Metric mileage

ALTHOUGH legislation requires metric measurements to be quoted when products are sold at retail level by weight or measure, there is no legislation that requires the use of metrics in relation to motor vehicle performance, say the television copy managers at Avalon and Auckland.

But after September 30, commercials carrying a reference to miles per gallon will be required, "in order to observe the spirit" (sic) of metric rules, to carry a reference to kilometres per litre.

Kilometres per litre? Well that's what the circular said. Not to worry. There's a correction coming up, they told us.

All the same, what form of mensuration is Para using in the television commercial that advertises its 16 x 12 x 40 swimming pool?

First is first

"THE major finding of the Marketing Science Institute research is that position in a string of commerciala critically affects recall.

On average, the first position "received the highest scores. Commerciala in middle positiona scored lowest. And those in the last position generally scored better than those in middle positions but not as high as first-position commercials." *BBDO Magazine*, commenting on clutter in TV advertising.

EEC threat to advertising

THREATS to the freedom of advertising in the EEC have caused such coocem that a body consisting of advertisers, agencies and the media, named the European Advertising Tripartite has been formed to meet the challenge.

Tim Rathbone, a British MP and director of the ABH International advertising agency reported this while on a flying visit to New Zealand recently.

An earlier attempt by consumerist influences in the EEC to impose a complicated, bureaucratic and costly system of legal cootrols on advertising in place of the simple, effective self-regulatory system had been repelled in Britain.

"Not all countries have self-regulation of advertising standards and the consumer groups attacked the lowest common denominator," Rathbone told *Admark*.

Tasman link needs hard sellers, not prima donnas

by Colin James

COLIN James recently spent three weeks in Australia looking at the trans-Tasman trading relationship from that end of the telescope.

That end of the telescope is the big and — from it, New Zealand, and the whole trans-Tasman trading relationship, look rather small and insignificant, as he relates in these articles. But there are prospects for New Zealand, provided it is prepared to make the running, as he will report next week.

WHY should Australia bother developing a closer economic relationship with its poor cousin across the Tasman? That question is central to the development of a strategy by New Zealand in the coming negotiations.

Australia is already substantially richer. The Australian dollar is 25 per cent higher than New Zealand's. Australian wages are estimated by manufacturers there to be nearly double those of New Zealand.

And that is without the benefit of Australia's massive mineral and energy boom to come.

Australia is affluent, confident and showing signs of mature nationhood.

By and large, when Australians notice New Zealand at all (which is not much), they see it as poor, querulous, defensive and clinging to old traditions. Hardly a country to share your brave new world with.

It is a distorted and uninformed view, of course, by and large not shared by those closest to the trans-Tasman issue. But there is enough truth in it to sustain the argument that New Zealand has to learn that in most Australian eyes it will not be doing Australia a favour by graciously conceding a closer relationship.

The dominant view is that it is up to New Zealand to make the running in the negotiations — and if it is going to be obstructive or hesitant, then fair enough, leave it to its own devices.

The harshest view comes from the Melbourne-domiciled Australian Industries Development Association, which is dominated by the big resource-based industries and takes a generally free trade line.

In a paper on the subject last November, AIDA acknowledged the potential benefits of rationalised industry in a larger domestic market and combined marketing of temperate agricultural products.

But it doubted that such rationalisation would be possible. "It would be hard to imagine that the small New Zealand manufacturing sector which has been protected continuously by import licensing for over 30 years would be willing to compete equally with the larger Australian manufacturing sector," it said.

"This raises the question of a fair and equal union." (Two AIDA executives I met last month developed this point with brutal frankness.)

The paper went on: "Perhaps the strongest argument for Australia is that against becoming locked into a stagnant economy with a small and stable population when there is so much growth happening in the Asia Pacific region.

"A union only with New Zealand may hinder Australia's ability to join any future trading bloc in Asia or reduce our trade barriers for the benefit of our developing Asian neighbours."

This point was taken up by John Whitelaw of the National Farmers Federation at a seminar on the topic in Canberra last month.

"Any increase in Australia's trade with New Zealand, which results from greater trade liberalisation, would at best be very modest.

"This necessarily stems from the fact that the New Zealand market is very small, it is a market with lower disposable income than Australia and it is a market which has already been substantially penetrated by Australian products.

"The developing countries in the Pacific area, particularly Asean," (the five-nation Association of South-east Asian Nations) "are seen as offering a much greater growth potential in the future and deserve the weight of our interest."

Not everybody is as harsh as that.

One highly placed civil servant told me that there was "some perception" in Australia that there were problems to be faced up to in New Zealand's narrowly based economy, but also "a perception of some impetus in New Zealand to deal with those problems.

"Intelligent Australian opinion sees everything to encourage in that," he added.

And the Confederation of Australian Industry (CAI), a sort of umbrella organisation more sensitive to the opinion of traditional Australian manufacturing than AIDA, lines up in favour of a closer economic and trade relationship.

But it does not see great gains or threats to Australia in it apart from ending the detailed haggling that has bogged down Nafta (the 1965 New Zealand Australia Free Trade Agreement).

If New Zealand wants to continue that sort of operation, the CAI would rather forget about it.

While rejecting the suggestion that the CAI attitude was "take it or leave it", an official said that, nevertheless, "it probably expresses in an extreme way views that are widely held".

John Curtis, secretary of the Australia - New Zealand Businessmen's Council, hastily formed within the past two years under Government prodding, confirms that.

He described the current activity as a good opportunity rather than a last chance — but if that opportunity was not taken up, he said, the issue would be pushed into the background.

Not all Australian companies are indifferent to New Zealand. Many have subsidiaries or other commercial footholds in New Zealand and therefore have a vested interest in the outcome of the negotiations.

One example is Repco. Founder-chairman Sir Charles McGrath strongly argues the need for New Zealand to continue to protect its (and therefore his) industry.

But, before you take heart from that, consider Repco's position in Australia.

As a maker of car components it has been protected by Government rules on the level of Australian content that must be included in cars made there. As the Government lowers that level, Repco comes under increasing threat.

Repco's response has been to shift part of its operations offshore — to Singapore, for example, where [illegible] steadily to be expanded.

In other words, Repco is responding to a strong restructuring thrust within Australia.

It is that thrust — towards a tougher, leaner, competitive industry — that has made Australians increasingly tough negotiators in Nafta and increasingly irritated at the petty detail of Nafta haggling.

Mineral boom shadows Kiwi trade

THE depth and direction of Australian industrial restructuring have important lessons for New Zealanders working towards a new trading relationship.

In brief they are:

- The main determinant of restructuring will be the coming boom in minerals and energy. Beside the effects of that boom, the effects of freer trade with New Zealand are a side issue.
- Past restructuring has already toughened Australian managements. As Nafta negotiators have found, Australians are harder-nosed now.
- The principal thrust of economic policy is towards a more outward-looking, competitive economy. Nafta does not fit that bill and any new arrangement must.

In New Zealand much of the running in the restructuring debate over the past two years has been made by the "more market" MPs, backed by powerful forces in the National Party.

In Australia, the push for a more open economy — which has been going much longer — appears to have come principally from the public service. Though younger Liberal MPs I talked to broadly share the sentiments of their Nationalist counterparts, they seem to have less influence over their party leadership.

One of the powerful voices in the debate is that of John Stone, the Treasury Secretary.

Stone argues that to finance the resources development, Australia will be a net importer of capital during the 1980s, requiring the balance of payments to remain in deficit (to ease inflationary pressures) and thus requiring exports to be matched by imports.

Since, virtually by definition as a result of resources exports, Australia will be a big exporter, it will have to learn to import more.

"Broadly, we have two options," Stone has argued. "Either we act positively to ensure that import growth substitutes for our own least efficient producers, or we can allow the economic forces involved to produce the required current account readjustment by affecting our efficient producers as well as our inefficient ones."

The first, he said, "implies that as export income grows we should facilitate the entry of imports by a gradual dismantling of our present import protective regime." He added: "Failure to choose explicitly will merely mean that the choice will be made implicitly."

Not everyone agrees on the precise effects of the mineral boom, but there does appear to be general agreement that it will put pressure on traditional manufacturing, presenting governments with the choice of increasingly propping up inefficient industries with tariffs and subsidies or letting them wither away.

The Industries Assistance Commission (IAC), an official advisory body on protection and industrial development, would unhesitatingly choose the second course.

In the early and mid-1970s IAC thinking had a profound effect on government thinking. Since a high point of 1975 when it had 650 staff, the IAC's direct influence has declined. The staff now numbers around 300.

A recent report implying a drastic slimming of an already slimmed textile, clothing and footwear sector, was rejected by the Fraser Government last month.

But there were special electoral factors in that rejection. Fraser is a numbers man; many marginal seats have manufacturing plants in that sector; a federal election is imminent; and both some state governments and the industry itself was prepared to cut up rough about jobs.

By and large the "intellectual argument" for freer trade has probably been won.

The Government view, in the words of the Minister for Industry and Commerce, Phillip Lynch, is that there is a need for "our industries to adopt new attitudes toward change and competition, to look increasingly beyond the limited environment of the Australian market and gradually come to rely less of government support."

The Opposition Labor Party view, in the words of its shadow minister of industry and commerce, Chris Hurford, is: "Australia must in considerable measure concentrate on those things we do well. In the longer term, we claim that policies should aim at a flexible industry structure which involves minimum levels of government support to the private sector."

Whatever the short-term qualifications about temporary need for protection, treading carefully and slowly and taking into account issues of employment, regional balance, defence needs and retention of skills, the long-term message is not too different from that of the Government.

Australian industry has already to some extent bitten the bullet. Examples:

- The number of textile, clothing and footwear plants dropped 25 per cent between mid-1973 and mid-1977; productivity in those industries were well above the average for all manufacturing between 1972-73 and 1977-78.
- The whiteware industry has both slimmed down to about a quarter the number of companies and rationalised production between plants and even companies.

Leaner and tougher, Australian manufacturers have become less generous in Nafta dealings. It is not because they have suddenly turned Kiwi-haters. They have just learned to live in a tougher world which they expect to get tougher still.

Under increasing threat of exposure to Asian competition, they are less prepared to expose themselves to New Zealand products, subsidised (as they see it) by expansive export incentives, without hefty *quid pro quo*.

And that does not mean a few thousand items here and there, bargained over at great length. It means a much more open arrangement, along customs-union lines.

There are bigger fish to fry in Asia. And as the resources boom develops, the balance of industry will tip increasingly the Asian way.

The resources development programme is immense. Estimates of capital investment range from the Government's \$A29 billion to \$A80 billion. And it is confidently expected to provide export-oriented jobs in extraction, refining and downstream processing.

The New South Wales Government, for example, is counting on around 10,000 jobs from its development of the Hunter Valley, where four aluminium smelters are planned, using electricity fuelled by a rich coal seam.

The known reserves in minerals, coal and oil sources are enormous and growing as new discoveries are made — for example: iron ore, about 35,000 million tonnes; bauxite, more than 6000 million tonnes; nickel, 8 million tonnes; uranium, 292,000 tonnes, tungsten, 366,000 tonnes.

The word "boom" begins to look a bit tame. Its effects on the wealth and structure of the Australian economy will be profound. Beside these effects, the implications of free trade with New Zealand are a side issue.

Why, indeed, should Australia bother with New Zealand? There are reasons. I will explore those reasons and the options they open for New Zealand next week.

Small businesses

Small Business Federation leaves big debts

by Allan Parker

THE affairs of the loftily-aimed New Zealand Business Federation (*NBR* June 2) have taken a sudden nose-dive.

In June we reported growing concern in Wellington business circles over the activities of the self-styled "collective voice of small business throughout New Zealand".

Now, the federation appears to have ceased activities. Bailiffs have evicted staff from the federation's office premises on The Terrace in Wellington and there is no response to telephone calls.

Summonses have been issued against the federation and a financial management consultancy operated by the two principals of the federation – Erik Holsheimer and Carl Van Rooyen.

A number of organisations have money, running into thousands of dollars, owed by the federation.

Van Rooyen is believed to have moved to Auckland and Holsheimer is reported to be working on a Wellington building site, in The Terrace, just down the road from the federation's former premises.

NBR has spoken to four organisations which are owed money by either the federation or the financial management consultancy, A C Van Rooyen, Holsheimer and Associates. They include the Small Business Agency, which is owed some $75 for publications sold "at cost" to the federation to assist its small business members.

The agency's Wellington manager, Russell Cockburn, said the federation, at least in its early stages, was "living way beyond its means".

"They came to us for advice on how to set the federation up. We gave them a lot of material and advised them on ways in which they should go about operating the federation," he said.

The agency, said Cockburn, pointed out that the federation was setting up in straight competition with the Chambers of Commerce Small Business Groups, the Productivity Centre and the SBA itself.

"We told them: 'That's the gamble you'll have to take'."

Cockburn said the federation adopted "very hard, high pressure" tactics to solicit new members through commission salespeople.

"That sort of activity was not necessary, we told them. If the support is there from small businesses it will come naturally, it does not need pressure."

He said SBA was concerned that it was not associated with any "bad water" created by the demise of the federation.

Another debtor is Wellington's *Evening Post*, published by Independent Newspapers Limited.

Throughout its apparently brief operating existence, the federation advertised extensively in the paper. A spokesman in the company's credit office said no payment had been received for those advertisements and "we're still trying to locate them".

He was reluctant to discuss the amount owing, but *NBR* understands from another source it is about $1000.

A third debtor is a Wellington printer who preferred to remain anonymous. The New Zealand Business Federation owes the company $1598 for printing stationery and the federation's first newsletter, *Endeavour*. A C Van Rooyen, Helsheimer and Associates, the consultancy, also owes $300 for printing the printer's accountant tables.

Summonses against both the federation and the consultancy were taken out by the company on August 11 in an effort to recover the debt. They were issued against a Willis Street address, part of a large Wellington City Corporation housing estate in upper Willis Street.

A fourth person we spoke to was solicitor James Young, a trustee of the property in The Terrace in which the federation set up business. The trustees called in a bailiff for non-payment of rent.

Young was reluctant to reveal how much money was involved but, from a separate source, we understand it amounts to three months' rent. In an inaugural meeting agenda, the federation listed rental at $75 a week. That would make the owed rent $900.

Young described the association with the federation as "a messy business".

Some weeks ago, a notice appeared in the *Evening Post* Public Notices column. The notice disclaimed responsibility for any debts incurred in the name of the federation without the express approval of the advertiser. His name: Carl Van Rooyen.

The gold rush to claim debts owed by the federation reached a somewhat absurd level recently, involving the demolishing, erection and demolishing of a fence on the Terrace property.

The fence, we were told by property trustee Young, was demolished to make way for a carpark on the section. The trustees insisted it be re-stalled, work which was subsequently carried out.

But recently the fence disappeared, according to Young. He believes the contractor who erected it reclaimed his property.

In the meantime, members who paid their $45 a year subscription have been left in the cold. One said she had been trying to contact the federation without success.

It appears there is a fairly lengthy queue of people and organisations also wishing to do just that.

Economic restructuring

Threading the historical yarn to Mosgiel's demise

by Allan Parker

"... I FEEL free to say that, in my opinion, 'Mosgiel' begins its second century with the right men in the right places. That alone augers success."

Unfortunate words, particularly as they came from L C Nisbet, a former chairman of the board of that unhappy company.

His comments, made in 1974, were published as the foreword to a centennial history of the Otago mill written by newly-appointed *Listener* editor Peter Stewart.

Stewart's last sentence in his book, *Patterns on the Plain*, confidently predicts: "The milestones of the next century will be met and passed with the same spirit of enterprise and confidence that marked Mosgiel progress in its first 100 years."

What irony. It took 100 years to be able to make those proud statements. And only six for them to be proven disastrously wrong.

What went wrong? How could the company set forth for the 21st Century with a faith so misguided that it failed to see total collapse just around the corner? And why did it happen so suddenly?

The Mosgiel debacle was not a sudden collapse, but the result of a long build-up.

Other factors hastened to contribute to the demise. They were last straws rather than core problems.

The historical perspective puts light on why Mosgiel went under, why similar problems have plagued the industry generally and, why there still remains danger for the new giant, Alliance?

Many, including Alliance managing-director F B McKenzie, have been quick to criticise aspects of the Industries Development Commission report and recommendations to restructure and rationalise the industry.

But in effect the industry has been conducting its own rationalisation and restructuring programme over the last 20 years.

The post-war period has been a string of takeovers, mergers, buying, selling, closures and so on. These events have been largely unplanned, unco-ordinated, untimely and, in the long run, unavailing.

And there has been the continuous decline in domestic and international demand for woollen goods. So, while the industry has scrambled to salvage a potentially-disastrous market drop, it has merely compounded the problems.

Since the 1960s, the industry has woven a tangled skein of almost incestuous proportions.

The process began in earnest in 1960 when Timaru Worsted and Woollen Mills Ltd and Oamaru Worsted and Woollen Mills Ltd merged to form Alliance Textiles Ltd. Four years later, the Bruce Woollen Manufacturing Co Ltd mill at Milton was taken into the Alliance fold. All three mills were established in the late 1800s. In the years since 1964 the company acquired a wide variety of other companies scattered throughout the country – at Levin, another plant at Timaru, at Waitara, all the shares of Rembrandt Suits Ltd, Belman Productions Limited, Oxford Clothes Ltd and James Brown Limited.

Under the banner of rationalisation Alliance had built itself a hotch-potch empire of operations. In an attempt to create a vertical operation with a captive market for its in-house operations, it acquired an assortment of sites, plants, products and buildings. Some were antiquated, some up-to-date. All were scattered and all were subject to the falling demand for woollen goods.

Mosgiel fell into the same trap. For nearly 100 years it operated its mill just out of Dunedin. In the 1960s, Ross and Glendining was taken over by the emergent UEB Industries. Included in the deal was Ross and Glendining's mill at Roslyn, just down the road from Mosgiel. UEB took what it wanted for its carpet and yarn operations and merged the weaving and apparel factory weaving and apparel factory at Roslyn with Mosgiel.

A separate mill, Napier Woollen Mills Ltd, disappeared. Lane Walker Rudkin, which operated the Alford Forest mill at Ashburton, decided to close down that operation and it was taken over by Mosgiel.

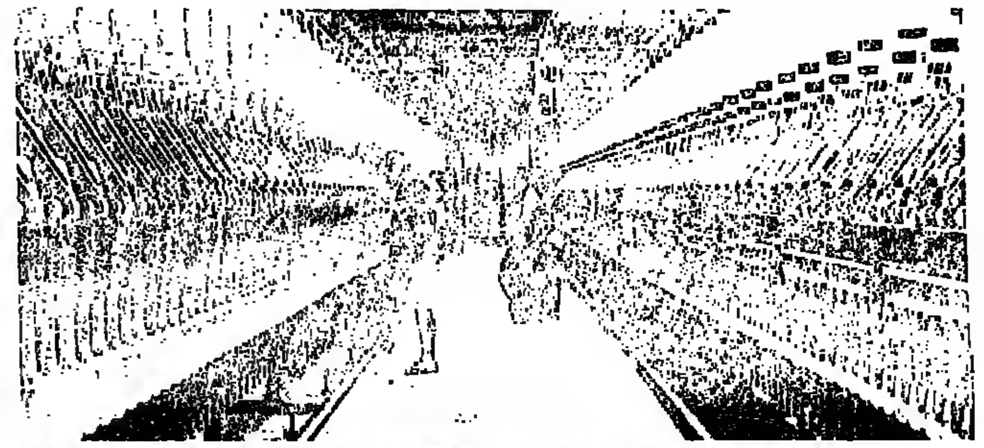
The Kaiapoi Petone Group Textiles Ltd operation (a marriage of Kaiapoi Woollen Manufacturing Co Ltd, and Wellington Woollen Manufacturing Co Ltd) was acquired by Mosgiel.

Like Alliance, Mosgiel suddenly found itself with a mixed bag of good, bad, old and modern.

Other companies active in the field have had their share of ups and downs in line with the Mosgiel and Alliance sagas.

Holeproof, owned by Dunlops in Australia, have scaled down their textile operations following an Australian decision to withdraw from the industry. Miller's the Christchurch retailer which operated two mills, closed both down when faced with the same problems besetting its competitors: falling market, re-equipment difficulties and finance for other areas of activity.

Individual units have responded in different ways to the domestic and international problems besetting the industry. Some have closed down, some have specialised, some have merged and some – notably Mosgiel and Alliance – have tried rescue operations by a combination of takeovers and mergers. In essence Mosgiel and Alliance faced a Catch-22. With a falling consumer demand, the individual units – many of them with antiquated plant and machinery – did not have the volume of sales to justify modern equipment. Without new equipment, efficiency and profitability would continue to slide.



Mosgiel . . . rescue operations by a combination of mergers and takeovers.

The answer appeared to lie in the acquisition of others to increase volume, reduce competition and rationalise equipment. Sound thinking, perhaps. But it was the nature of the acquisitions that created problems rather than solved them.

The acquisitions made by both Mosgiel and Alliance were piecemeal, and restructuring has been undertaken in an atmosphere of decline.

Units have been acquired that were facing closure. The two giants have acquired an extremely wide range of products. Sites have been scattered throughout the country and many of them are still operating rather than rationalised within the group.

It is worth noting the comment by the committee of inquiry into the industry in 1969: "The committee is of the opinion that specialisation within the New Zealand industry would improve quality, efficiency, turnover, and profitability and that specialised units are more controllable. The present generalisation results in overall lower quality, efficiency and profitability for the whole unit and it does not usually increase turnover sufficiently to justify it, nor is it so easily controlled."

That advice was completely ignored by the two conglomerates. Both preferred their own answers to the dilemma.

The two groups were heading along parallel paths and the question became: which would run off the rails first? It was not a question of "if", but "when".

In the event, the banks blew the whistle on Mosgiel. A $1.5 million trading loss and continuing stock production created cash flow difficulties that brought in the financiers.

The woollen industry has traditionally had a bad return for investors. The 1969 Committee of Inquiry report noted: "Due to uncertainty and the general lack of support for the wool textile industry, mills have not been able to raise finance through normal channels as easily as have other industries."

This is particularly the situation with those companies that have specialised in wool and it is significant that those companies which have moved predominantly to other than traditional woollen milling activity have found more favour with investors."

The moneypeople got jittery and Mosgiel went under.

And Alliance is left picking up the pieces at fire-sale prices and standing alone at the top of the pile.

But for how long?

Many within the industry consider Alliance the weaker of the two and one source said: "Of the two, I was betting Alliance would go under first."

Another, close to the industry said Alliance has been saved only by its carpet yarn exports; the export incentives tax relief has propped up its domestic operations.

Alliance now has a virtual monopoly situation with the removal of its major rival. Surely it will become a stronger entity? But not necessarily. A company with even the entire market to itself will not be successful as of right if the consumer cannot afford to buy its products or prefers imitations.

The history of Alliance is identical to that of Mosgiel. The acquisition of some of the Mosgiel operations is merely compounding the problem, not solving it.

Alliance chairman Jackson has told shareholders: "The additional turnover will enable rationalisation of production runs to give more efficient production and reduced overhead costs."

That rationale did not work very well for Mosgiel, did it. Ask the hundreds who lost their jobs.

Nelson Harbour Bd wins battle for MOW help

by William Hobba

THE Nelson Harbour Board has won its battle to have the Ministry of Works' special projects team prepare a 25-year comprehensive ports plan for the region.

The board attempted three months ago to commission the special projects team to carry out the work, but objections were raised by private enterprise civil engineers, and that led to a Cabinet level review of the 30-member Ministry of Works' section and its operations.

Despite opposition from members of the Govemment who are committed to private enterprise, the harbour board has never wavered in its determination to have the job carried out by the special projects team, and general manager Frank Baldwin has been in almost daily communication with Works Minister Bill Young's office to press the board's case.

Young has now written to the board agreeing to the formalisation of an agreement between it and the ministry for the work. He told the board there is no reason why the work should not begin as soon as possible.

But the letter to the board shows the Minister is conscious of the need to make the appropriate noises of deference to the private enterprise lobby. He emphasised that the special projects team involvement is only in the production of a conceptual ports plan for the Nelson region, leaving the way open for the later involvement of private enterprise in the execution of the works proposed.

Young said he understood a comprehensive plan could be produced by seconding two officers from the ministry's civil engineering division for about six months. But he said they would have access to other resources in the department, particularly the town and country planning division.

He also said he hoped that, when the comprehensive plan was completed, it would result in the board having a work programme which would include major projects involving consulting engineers and the contracting industry.

But if Young sees his decision as an oblique way of giving some work to the private sector, the harbour board regards it as a victory for its perseverance and single-mindedness. It is also a victory from which it expect a rub-off in terms of gratitude from the special projects section.

Reporting to the board on the matter, Baldwin said he believed the special projects team was appreciative of the way the board had stuck to its decision and persisted with its desire to commission the Ministry of Works to prepare the ports plan.

Baldwin said he believed this would make the special projects team feel obligated to do their very best for the board.

He has also noted an interesting side issue. After July 21 when *NBR* highlighted the problems the board was having in getting the special projects team appointed, the Association of Consulting Engineers sent a list of members and a hrochure outlining how to choose the consultant engineer best suited for your project.

He says the six-step method recommended by the engineers is just the way the Nelson Harbour Board came up with the Ministry of Works special projects team as its choice.

Customs clearance clean up speeds passenger flow

by Lindsey Dawson

PEOPLE greeting incoming travellers at the international arrivals hall at Auckland Airport have been puzzled that all but one of the expensive, self-opening exit doors have been closed off to disembarking passengers.

The reason is a new system of customs clearance designed to improve efficiency.

The system has been evolved to speed up passenger flow in the sometimes hopelessly congested baggage hall of the $20 million airport.

A series of changes is being introduced to ease the pain of arrival for jet-lugged passengers and improve the lot of Customs officers.

Passengers previously had to wait for their baggage to arrive and then wait in line for Customs clearance. The officers had to process each passenger, calculate a duty, give change and write receipts.

Often they would not have the right change, and would have to send passengers off to the bank for the money.

Officers carried change themselves. But "It didn't look good to see them stuffing money into their pockets", says Auckland Customs controller, Les Wyatt.

Customs declarations now get close scrutiny before passengers pick up their bags. At that point it is decided whether they have to pay duty. They can then go to a separate cash desk to pay.

An electronic cash register does the job formerly handled by the officers, calculating duty, recording and receipting the transaction.

Passengers then pick up their bags, and pass straight through that single exit door by showing proof of payment.

Agricultural clearance has to be obtained, and Customs still make random checks on suitcases to discourage dishonesty. Officers search thoroughly if they suspect anyone of making a false declaration.

The system has been working in Christchurch since last Christmas.

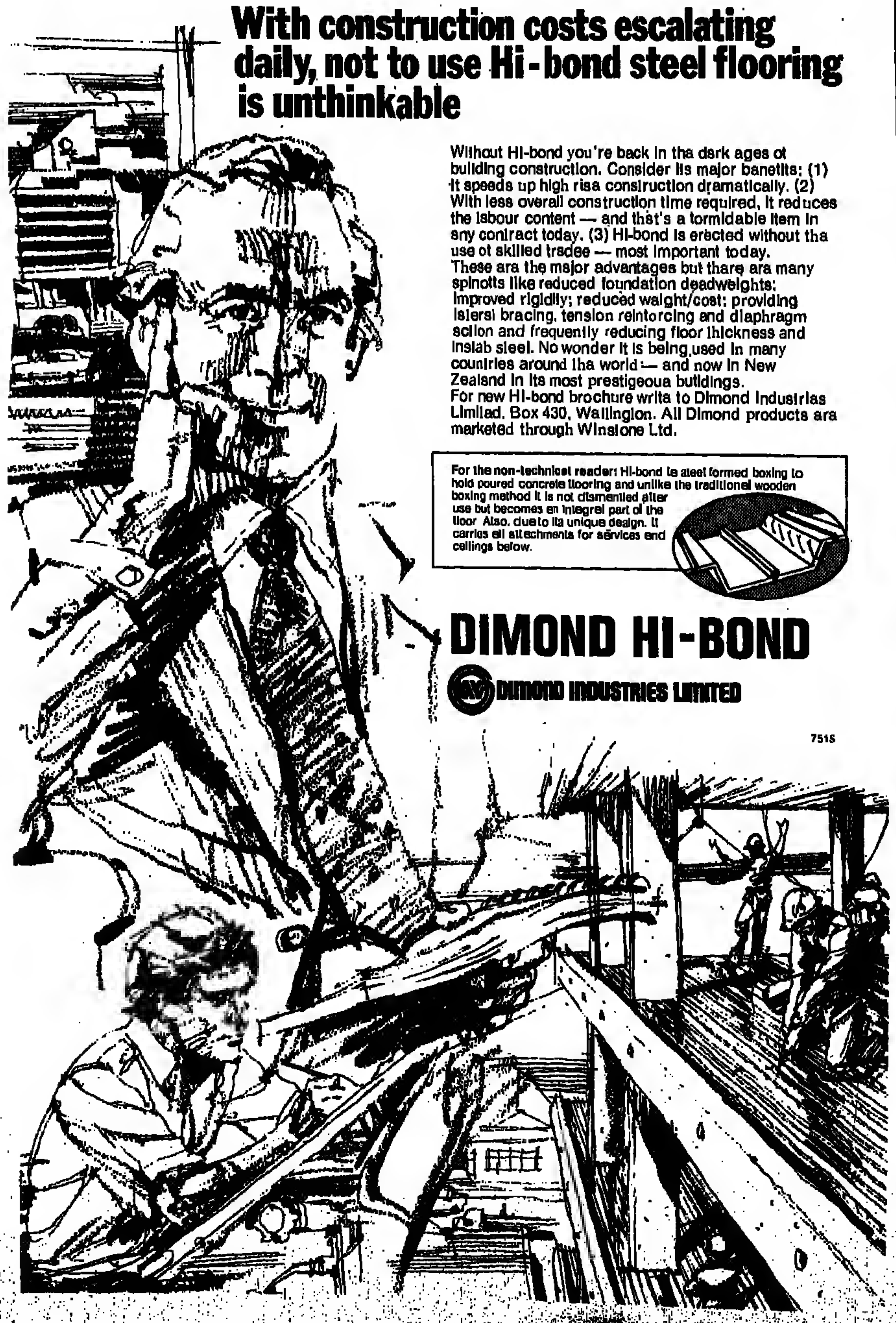
Auckland has introduced it gradually in the last few months.

It did not make it easier for passengers to smuggle, Wyatt said. "The Christchurch experience indicates that we are detecting more instances because the system is more efficient.

"Customs has often got the blame for passenger hold-ups but really it's the design of the customs hall that's at fault.

"It's just not big enough to cope. The only thing that would help is if the airlines would schedule their flights so they don't come in at once."

Customs is also working towards improving efficiency in cargo clearances. A new computerised customs clearance system is scheduled to start in Wellington next January and soon after at the other major ports.



Increasing efficiency by winning race against clock

by Rae Mazengarb

TIME — or lack of it — is the major gripe of businessmen.

World-wide, the hassled executive complains there is not enough time to read, to think, to plan, or to spend with the family.

Dr Alec McKenzie — an American who makes his living out of time — points to the unsettling paradox that while no one ever has enough of it, everyone has all the time there is.

Alec McKenzie . . . relationship between the management process and the nature of time.

Presenting a seminar in "time management", he told Wellington businesspeople that time was the most abused, misused and misunderstood resource there was.

Looking at the problem in perspective, the problem wasn't time, but how we use it, he said.

He told the executives they wasted much more time than they realised — time which could better be used for work or for leisure.

The remedy was just a matter of identifying the timewasters — the barriers to productivity; looking to their causes, and implementing a series of key solutions.

The local executives identified as their 10 top timewasters:

- Lack of objectives, priorities, planning;
- Crisis management, shifting priorities;
- Personal disorganisation, cluttered desks;
- Ineffective delegation;
- Telephone interruptions;
- Attempting too much;
- Lack of self-discipline;
- Leaving tasks unfinished;
- Drop-in visitors;
- Procrastination.

Apart from a slight variation in order of rank, that list was remarkably similar to the problems identified world-wide through a wide range of occupations.

The major difference was the fifth ranking of the telephone. World-wide, it is accorded top place.

McKenzie advised the group that telephone interruptions might be responsible for more wasted time than they realised.

Those who had recently started monitoring the time spent on phone calls agreed the exercise had been enlightening.

McKenzie has explored the problem of time management with business people from 30 countries in the last 15 years.

He promises that people who attend his seminars and make a conscious effort to implement the solutions to their timewasters will gain two hours a day or its equivalent in increased productivity.

It's a guarantee that no one has yet seriously challenged, he said.

Basically, time management involves learning the relationship between the management process and the nature of time itself.

The day-long seminar could just as easily have been called a "management" seminar. As the day proceeded, McKenzie made it clear that this was really what he was talking about.

"Time management," he said, "is the planning, the organisation and the controlling of your utilisation of the very limited resource, time."

He became hooked on the problem in the mid-60s during a seminar on the management process attended by key chief executives of international organisations. They concluded that none had time to implement any of the solutions they were talking about.

McKenzie and another at that seminar promptly launched themselves into a book on time management in order to find some solutions.

"I soon realised it was a subject which was going to arrest my attention for some time . . . I found it totally absorbing," he said.

The literature which McKenzie found on the subject — and there was not much — suggested there were some basic solutions.

At the time he was running seminars all over the world, and — talking to managers wherever he went — found their problems were all the same.

"But effective managers were doing similar things about them . . . planning their day, their week. They were prioritising. By carefully, allocating resources only to the highest priorities, they were controlling interruptions, they had effective secretaries, they weren't wasting time in meetings, they had agendas, they knew what they were going to do.

"So I began to see how simple the solutions appeared to be and how universal some of them were."

The theories can be applied in all walks of life — at home and in the work place, he said.

There is a basic uniformity of timewasters from country to country, from industry to industry, within government, non-profit making organisations, religious organisations, service organisations.

"Even salesmen have the same timewasters as managers, with one exception — the drop-in visitors," McKenzie said, "because they are the drop-in visitors."

He admits that seminars on their own cannot solve the problems.

He asked all those at the Wellington seminar to send him a 30-day report — "for your benefit, not mine" — detailing their progress with the solutions. He could not guarantee each executive would implement them, but he did guarantee results if the participant made a serious attempt.

"The next thing they will want to do is take (the techniques) back to their team, their secretary. They may bring me back into their company to run a seminar as two organisations have already talked about," he said.

One company had already arranged for McKenzie — on his return in November — to run an in-company seminar for all staff.

"The results will be 10 times what they would be if they attended individually open seminars with others at different times," McKenzie said.

McKenzie's seminars are telescoped courses, jammed with tips on how to run meetings more efficiently in half the time, how to tell the perfectionist "I can no longer afford the luxury . . .", how to get rid of the unwanted visitor and telephone caller, politely.

He claims that is all the time required to give participants the ammunition, the tools and techniques.

Each receives a copy of his 172-page book *The Time Trap* and the 140-page manual full of back-up material.

But he insists it is better for the executive to have his team — or secretary — pick his/her timewasters, and then go to work on them.

What about the person who will not respond?

McKenzie admits some people are not receptive. One person sat right through one seminar with his back to the front of the room, reading the *Wall Street Journal*. But he had been sent by his boss.

"Some people think they are excellent time managers. Some come thinking they don't need it, but maybe they will get one idea," McKenzie said.

Generally, they were astounded when they began to look at the problem the way he and his associates looked at it.

"We look at it as a review of the whole management process," he said.

"We don't just pick little tunes here and there; we say, 'what is the manager's job?' and then we say, 'what do we learn from time logs, and films and from our own experience?' We take a global approach."

Management, he emphasised, means achieving pre-determined results with others.

The outstandingly successful manager of the 1980s, McKenzie said, would be the one who set objectives, sorted out priorities, and knew the operational functions of his business and the resources available.

Because management in New Zealand was young by world standards, it didn't have so many bad habits to wipe out, he said.

But there was the basic problem of the entrepreneur, the businessman who hated to delegate.

"If we don't delegate we are not managers," McKenzie warned, "we are doers."

The danger of the true entrepreneur — the person who continued to make all the decisions — was that the forces which initially made him successful, will ultimately destroy the organisation.

Look what happened to Henry Ford, McKenzie said — he was kicked out of the running of the company by his own board because they could see the beginning of the end. All because Ford insisted he did not mind what colour the cars were painted, so long as they were black.

Entrepreneurs had problems mainly because of inefficient delegation, the open-door policy, the drop-in visitor, syndrome, McKenzie said.

As a business grew, it must revert to professional management — planning, organising, efficient staff, delegation and communication — to survive.

McKenzie left the group with this thought: "Without objectives you don't know what to do. Without priorities, you can't know what to do first. Without deadlines, you can't know when to do them. Without progress reports, you can't know how you're doing."

TIMEWASTER ANALYSIS:
Lack of objectives, priorities, planning.

SOLUTIONS

Recognise the problem.

Develop systems (plan sheet, daily objectives, priorities and deadlines).

Take time to plan. Recognise that although planning initially takes time, in the end it saves three or four times as much and gets better results.

Recognise that most crises are predictable. Plan ahead for contingencies.

Discipline yourself. Impose deadlines. Try objectives, priorities and daily plan for one month. Enlist aid of secretary or assistant.

Monitor progress and evaluate results

Recognise most problems result from action without thought. Take time to think it through — than act.

Recognise that while objectives mean commitment, they also mean knowing when you have succeeded.

Assign priorities to tasks. Determine where efforts should be concentrated. Identify long-range importance, short-range urgency, growth trend. List objectives and rank according to these criteria. Recognise that while emergencies may disrupt a day, the damage can be minimised if the day is planned and most vital tasks completed before the emergency.

TIMEWASTER ANALYSIS:
Telephone interruptions.

SOLUTIONS

Learn techniques for terminating conversation.

Present a time limit ("Yes, Tom, I can talk for a few minutes.") Foreshadow ending ("Tom, before you hang up"). Be candid ("Sorry Tom, I've got to go now.")

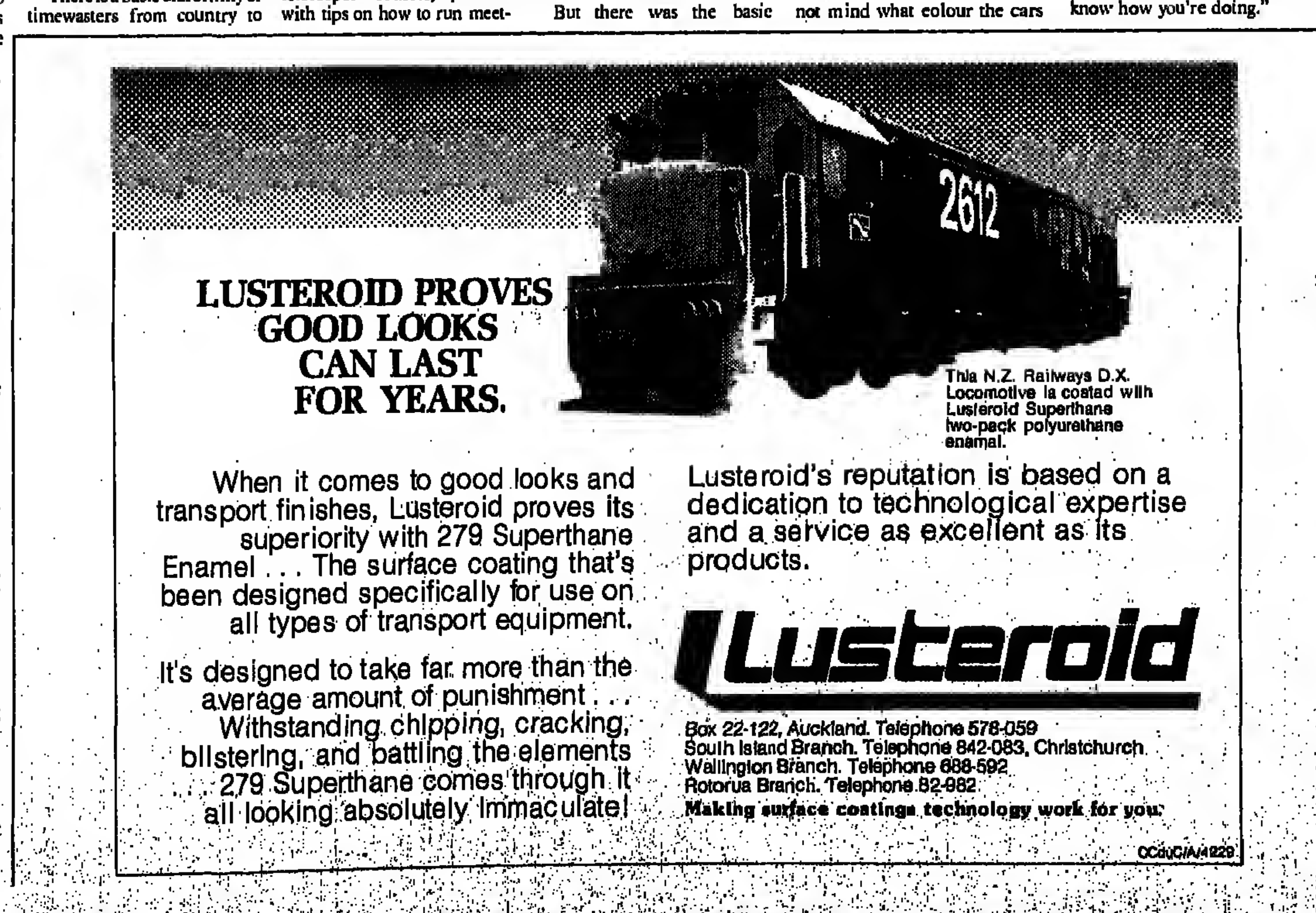
Train secretary and develop a plan together. Get secretary to interrupt with reminder of urgent item demanding attention.

Time yourself for one day using three-minute egg-timer in front of the phone. Recognise how much a longer a call can take than is necessary.

If screening is ineffective, discuss with associates how to avoid surprise and offence. Get confidence and support of secretary

If no secretary, do feasibility study to demonstrate need even of part-time assistant. If not possible, develop techniques to have messages taken at certain times

Use a hideaway, cut-off switch



Search for missing licence information sparked inquiry that resulted in "secret" conspiracy trials

LAST month, the three "secret" trials of a former Trade and Industry official and three businessmen concluded in Wellington High Court. Newspapers were barred from providing day-by-day coverage. And space constraints resulted in them providing only a basic coverage — after the suppression orders were lifted — of proceedings which provided some 800 pages of evidence for court transcribers. Because of the importance of some of the issues raised, *NBR* has sifted through that evidence to provide this report.

A PARTLY completed licence application form for $2000 of plastic ware arrived in August 1978 in Trade and Industry on the desk of assistant advisory officer Roseanne Harland.

Her search for the missing details sparked an 18-month investigation resulting in the trials of the department's former assistant director, Brian Pound, and three importers in the Wellington High Court.

Harland was seeking missing details on the licensing history of Cathay Trading Ltd, which Customs officials had omitted to put in the appropriate box on the form for the previous year, 1977-78. The details were neither to be found on Cathay's file nor in the department's budgetary section.

Subsequent comparisons of Cathay's file held by Trade and Industry (which approves import licences) with that of the Wellington collector of Customs (who issues licences) revealed a wide discrepancy.

Sixty-seven licences for $133,155 were not recorded by Trade and Industry. All had been authorised by Brian Pound after his authority to do so had been terminated.

Investigation of other firms with whom Pound was known to have had dealings revealed irregularities in relation to James Schindel, a director of the James Grant Import Company Ltd, and William Koy Hing, principal of Wong Kay Hing Ltd.

The Crown contended Schindel had been given by Pound 17 licences, worth $31,950, to which he was not entitled. It said Schindel had paid for Pound to travel to China by way of Hong Kong and Manila.

In the final trial, the Crown claimed Pound had given his friend of 25 years, Bill Hing, favourable treatment allowing him to order goods as he wanted overseas in the knowledge that Pound would ensure he had sufficient licences to cover their import.

In return, the Crown suggested, Hing had arranged two return trips to the Melbourne Cup in 1975 and 1976, though evidence was produced to show that Pound later paid for both.

In all three cases, the Crown maintained that, taken in their entirety, Pound's actions amounted to an abuse of his powers for which he was receiving a financial reward and the relationship with each importer amounted to a conspiracy to defraud the public.

Defence counsel for Pound and for the importers maintained that each decision taken by Pound could be defended on its merits if a liberal interpretation of Government policies was followed, as other officers in the Department of Trade and Industry indicated it was.

And because individual importers have no knowledge of the detailed instructions to licensing officers contained in the "item policy code", there there could not be a conspiracy to defraud.

The juries failed to agree in all three cases on which interpretation was correct.

For Pound, his counsel contended he was an experienced licensing officer, first with Customs and in the last few years of his career from 1973, with Trade and Industry. Pound's only fault was to carry with him, from one department to the other, his working practices. These were frowned upon by his superior in Trade and Industry who worked strictly by the book, the counsel said.

And apart from cordial relations with Wong, and Hing in particular — resulting in free lunches, the celebration of Christmas and birthday parties together — there was nothing conclusive to show that Pound gained any financial benefit from his decision-making.

Pound handled most of the licence applications for all three importers for a certain period, a standard Trade and Industry practice followed by other officers before 1977.

The importers, by their own admissions, were merely seeking to obtain as many import licences as they could justify, to maximise their business activities.

Schindel told the court that he had come to know the name of Brino Pound through his customs agent.

"During 1972, I made many applications for import licences which were declined. I had discussed import licensing with my customs agent. He advised me to go to Wellington to discuss the matters with Trade and Industry," Schindel said.

"It was he, who arranged a time for himself and myself to meet members of the department. When I arrived in Wellington with the agent, the meeting was with Mr Hall (a former licensing officer, now a supervising Customs officer in Wellington) and Pound.

"I told Hall and Pound my business operation. I had brought three or four bags of papers and catalogues, all commodities that we were handling from China. I discussed my business operation with Pound and Hall. They did take an interest in it.

"Of course my customs agent had verified that I was an importer with a stack of previous import entries.

"When I subsequently applied for import licences, some of those I endorsed 'for the attention of Pound'. My customs agent advised me to do so."

Pound and Hall were the only men with whom he discussed his business, Schindel said. "They were the ones that knew the background."

Cross examined by Crown counsel, Schindel said it was his customs agent, not he, who had singled out Pound as the appropriate officer to contact.

CROWN COUNSEL: Why did you continue to deal with Pound?

SCHINDEL: He knew the background of my trading.

You were dealing with other officers in the department?

I dealt with many officers.

They also would have known the background of your business because of their involvement in other applications?

Not to the same extent.

Why did you single out Pound when you were applying for non-basic special licences?

Pound knew the background better than anybody else, also I felt that the higher up the ladder one can go the better it is to put your case forward. I think it's normal practise for anybody in business instead of seeing the receptionist they would rather see the manager.

* * *

Counsel pointed out to Schindel that the position seemed to have changed dramatically in 1975-76.

CROWN COUNSEL: It was in that year Pound began to take an active part in the granting of special licences to your company?

SCHINDEL: As far as I knew from 1973 onwards Pound would have some part.

* * *

In the 1975-76 licensing year, the Crown claimed Pound had favoured Schindel's company by over-riding the recommendations of junior officers 11 times directly authorising licences worth $31,950.

The Crown contended that all the authorisations were outside the Government policies of tighter import control applying at the time, a policy Pound would have been fully conversant with as he was responsible for drafting the confidential policy guide for use by licensing officers.

Schindel was applying for goods in categories in which only existing basic licences were to be reissued or where only exceptional cases would be considered.

The confidential policy against the codes Schindel wanted licences for had instructions such as; no provision for expansion; all provisions above basic to be declined; consider in relation to domestic manufacture; there is extensive local manufacture.

Asked about eight rejected applications made early in the 1976-77 licensing year Schindel agreed that they were all in a special category where need had to be shown.

CROWN COUNSEL: After your applications were turned down did you contact Pound to talk about the situation?

Probably him or someone else would probably indicate our appeals.

You marked that application and all these appeals for the attention of Pound.

Could have.

What did you tell Pound about all these applications to demonstrate the special need for these goods?

I would think type of goods, need to maintain overseas supply, need for maintaining customer relationships with New Zealand, effect of [illegible] on the business, as far as [illegible] of licences that is all the [illegible] we had were specials.

* * *

It was pointed out to Schindel that the applications did not represent any more than [illegible] per cent of his importing business though as other articles (to May 1979) have noted probably a more profitable [illegible] per cent.

After retiring from the department in August 1978 as director special duties, Pound set up his own importing consultancy, Sterling Associates.

Schindel told the court he had paid for Pound to accompany him to China in November 1977, in the expectation of employing Pound as a consultant after he retired.

"Pound should have an understanding of the countries we will be dealing with ... being in Wellington and knowing conditions in China, the products we handle, the people we deal with would be an advantage (to Pound)," Schindel said.

"To increase trade with China, acting as consultant he could assist me in applying for import licences. Not only had he had discussions with officers of Trade and Industry, but also with Cabinet Ministers.

"He knew these ministers on a better basis than I. Should any favourable trade interests be made to China, Pound would be on the spot, know the people and could assist," he said.

* * *

The case against Wong served to show up the weakness in the import licensing system before it was thoroughly overhauled in 1977 and 1978.

Between January 1975 and March 1978, Pound authorised 182 licences.

Not all were alleged to have been issued in excess of Pound's authority and in some cases it was shown that Wong had been granted less licence than he might have been entitled to.

Other licensing officers testified that they would have followed many of Pound's decisions. Evidence was called to show that Pound actioned many applications, often in batches, before they had been officially received either by the Customs Department, which should have received them first, or Trade and Industry.

Many applications were lodged by Pound and then granted in March, April, May and June, which in normal circumstances are [illegible] pointless as an importer would find it almost impossible to land goods by the licence expiry date of June 30.

The Crown contended, though it did not produce other evidence to back its claims, that the pattern of approvals must have meant that Wong was ordering goods in full confidence that Pound would grant the applications later.

The Crown also questioned several handwritten memos from Pound instructing Customs officers in Wellington to extend Wong's licences to enable goods to be landed for the past licensing year — one into November, five months after the year end.

All the goods in question were imported from Red China or Hong Kong at a time when the Government was encouraging trading links with the People's Republic, though overall trying to maintain a tight import policy.

Witnesses gave evidence of Pound, and other officers, frequently having free meals at a restaurant Wong owned and of Pound's frequent visits to Cathay Trading's premises.

On one occasion, evidence was given that Pound had insisted on a junior department officer choosing two ceramic vases as a gift when Wong was not present.

In his defence, Allen Wong told the court he had come to Wellington from Auckland in the early 1970s to take over his uncle's business which had become run down. Pound was a friend of his uncle, he said.

Wong set about rebuilding the business, which the court was told was at one time one of the largest importers of Chinese goods in the country.

But the licences held by the original company, Harry Wong and Co Ltd, had reduced when the name changed to Cathay Trading Co Ltd in 1974.

Wong negotiated first with Trade and Industry officials and later with their then Minister, Warren Freer, to get basic licence allocation increased. Freer introduced Wong to Pound, a meeting at which the defence indicated Pound had taken the inference that Wong was to be helped.

Evidence was also called to show that there was a rapid rise in the demand for Chinese foodstuffs in the middle 1970s, both from the public and a growing number of Chinese restaurants which trebled between 1973 and 1978.

Wong also stated he was not aware that Pound had been moved to another position in 1977 and was no longer authorised to grant import licences.

Evidence was called to demonstrate there was confusion both within the Customs Department and Trade and Industry as to what powers Pound did have.

In his defence Pound claimed that he still held a residual power as a licensing officer from his days as a Customs officer, although his powers as a Trade and Industry officer had been rescinded.

Customs officers up to Pound's retirement in August 1978, said they understood Pound to be an executive officer or senior advisory officer in import licensing.

Trade and Industry executive officer Peter Garford, giving evidence for Pound, said there were other companies that had received "in my opinion, very liberal treatment when compared with other importers in the same field".

Garford said Marlowe Agencies, for instances, had an increase in non-basic special licences from $20,000 to $100,000-plus in three years.

The Meates group of companies had also had an $80,000 to $90,000 increase in licences over a similar period and McSkimmings had been granted licences for up to $400,000 for Filipino toilet pans to counter a shortfall in domestic production, he said.

But Crown witnesses maintained that Wong's licensing growth was extraordinary and mainly contrary to Government policy at the time.

* * *

Hing said, in his evidence in chief, that he had ordered goods in anticipation of getting licences granted. The Crown claimed Pound had used his authority to grant Hing the licences necessary to cover the goods, either on the water or on the wharf, by issuing new licences or approving transfers from other licences.

The Crown pointed out that unlike Wong, Hing had not been warned by Customs for importing goods without a licence.

In several instances, it was demonstrated that transfers one year were accepted by Pound as qualifying history the following year, while the main licence was restored to its full value, effectively increasing Hing's total licences.

Asked by counsel for the defence why he would order goods when he had not already got the necessary licence, Hing said: "We held back 1975-76 licences and together with 1976-77 basics, and together with the history of our transfers, we felt very confident that transfers would be approved once more."

But Hing denied that either Pound or Hall had given explicit assurances to that effect.

Hing agreed with counsel that it was usual to get an indication from the department as to the areas licences could successfully be applied for.

CROWN COUNSEL: That of course is why you do not waste your time putting in applications in areas you have already been given an indication you would not get them.

HING: Yes.

Questioned about the development of his firm's licencing history Hing was asked:

And it's worked to your benefit the following year hasn't it?

Yes.

You are not going to say you did not know that was going on?

Yes.

Didn't know anything about it?

No.

You are an old friend of Mr Pound dealing with each and every one of these applications and yet you do not know that he has benefitted you in that way, that is what you are saying?

Yes I am.

* * *

Evidence was shown that batches of Hing's applications were dealt with by Pound before and after he went to the Melbourne Cup in 1975 and 1976. Both trips were arranged by Hing, but evidence was produced to show that Pound had paid for both later.

Hing also admitted that he had received licences for which he had no immediate purpose, other than for them to be used to transfer into other item codes where he either lacked a licensing history or when he was running short of licence.

The Crown was also relying on the sharp drop in Hing's special licence approvals in the 1977-78 year as further evidence of Pound's complicity.

Pound had also dealt exclusively with Hing's and Wong's applications in the years in question, with only the odd exception.

The juries, however, were not satisfied that the criteria set by Mr Justice Quilliam necessary to establish that both parties in each case had knowingly defrauded the public had been fulfilled.

Health

Broken promise spurs Southerners to vie for scanner

THE Government'a deciaion to break a promise, give Chriatchurch a body-scanner before Dunedin, and move the South Island neurosurgical unit from Dunedin to Christchurch, was the thin edge of the wedge for Scottish parochialiam.

The region set to, first without Government support but later with official blessing, to raise $1 million to buy its own scanner.

With almost $400,000 banked and the main appeal in the Otago-Southland-based fund-raising effort to begin, success seems assured.

And it seems certain that Dunedin will not only have a scanner installed and working at the same time as Christchurch, but it will effectively over-turn the decision to move the neurosurgical base.

The insrallation of scanners is regarded internationally as crucial to modero neurosurgical units.

Dunedin has two neurosurgeons. With one retiring at the end of the year and a Government-bought scanner on the horizon, the medical school advertised the position internationally a few moa ths ago.

Several replies were received – but, then the Government intervened. The applicaats were advised of the changed conditions and no appointment was made.

Meanwhile, Christchurch, with the prized Government decision uader its belt, advertised its two new positions in neurosurgery internationally oo two occasions.

When it received no replies to its advertisements, Christchurch tried to attract Dunedin neurosurgeon Dr S N Bishara to its yet-to-be-established unit.

Dr Bishara delayed his decision. It is understood he will remain in Dunedin.

Dunedin has several advantages – a unit already in operation, experienced neurosurgical operating-theatre staff, and the back-up facilities of a library and medical achool.

Despite the Government decision to base only one neurosurgeon in Dunedin and move the main unit to Christchurch, the end result is likely to be quite different.

The Government can enforce its decision only to the extent of limiting the Otago Hospital Board to one neurosurgical appointment. But one of the two existing positions is a medical school appointment, over which the Government has no control.

Thus a second Dunedin appointment will be possible when Professor R G Robinson retires at the end of the year.

And while Christchurch tries to attract a neurosurgeon to establish the unit, the Government, on paper, has moved there. Dunedin will carry on as before, strengthened by the addition of a body scanner bought by the people of Otago and Southland.

Tenders have been approved for a scanner at Christchurch and Wellington, but there is little likelihood that Christchurch will have its equipment installed and working before Dunedin.

Ohio Nuclear and General Electric is vying for the Dunedin scanner contract, and with discounts being offered in the light of the public appeal the decision will boil down to the best offer.

The Scanner Appeal Committee is working to a timetable to get the scanner installed and working by next March.

The Wellington head scanner and Christchurch body scanner, both General Electric technology, will arrive about mid-December.

They will not be installed at the same time, and the first will be installed and working, assuming no hold-ups, over the Christmas holiday period.

The second will be functioning by mid-March. No decision has been made about which scanner will be installed first.

Cook Islands hotel for sale

THE last major asset of Palmerstun North-based Discovery Inns Ltd, the Trailways Hotel in Raratonga, Cook Islands, is up for sale.

Discovery Inns went into liquidotion last August. The company owns Trailways Hotel Raratonga Ltd (not in liquidation), which in turn owns the Trailways Hotel.

The Trailways Hotel, briefly known as the Red Hotel, is now operated by Discovery's liquidator, who is trying to sell it.

Finoncial Enterprises Ltd of Wellington, holds a first mortgage on the hotel worth $450,000. Managing director Michael Jensen said the company had beeo owed its money for aome two years.

He will advertise the hotel for sale in New Zealand, Hong Kong aod Australia. If it doesn't sell he will push for a mortgage sale.

Discovery Inns has substantial borrowiogs from Palmerston North investors. Creditors and debenture holders anxiously wait to see if the hotel fetches enough to pay the first mortgagee and leave a surplus for other creditors.

Transport

Export coal "subsidy" slips by unappreciated

by Bob Stott

GENERAL acceptance of Forest Products chief executive Doug Walker'a figures of $30 a tonne for railing Buller export coal to Lyttelton reinforces the notion that – as a nation – we don't know what we expect our transport system to do.

Challenged by Railways, Walker admitted publicly that the figure was wrong and that he had been misinformed. But the correction will be remembered by fewer than those who recall the initial $30 a tonne rate.

The many people with access to the standard NZR tariff rate book didn't bother to check the figure. If they had, they would have found that the published rate was below $30 a tonne, and the contract rate must be a good deal lower than that.

Many of those who jumped up and down about the $30 rate will devoutly believe NZR should make a profit and that free market forces should prevail – so why the fuss? The exporters would hardly accept a high rate if alternative transport was cheaper, so why shouldn't the NZR quote high, then reduce the quote till it was accepted?

Isn't this what business is all about – to get what you can at the best possible price? After all, the NZR has a virtual monopoly on heavy-houl transport overland from Westland to Canterbury; road can hardly compete for big volumes of traffic because the trucks go over, not through, the Southern Alps.

A Government sold out free enterprise would allow NZR to charge exhorbitant rates wherever the railway had a natural advantage, and use a portion of the profits to confound road transport operators where they could compete (shorter hauls, easier terrain and so on). If a road carrier got too big, then NZR should undercut and cart below cost until he squealed for mercy.

But thot would require more freedom than the NZR enjoys. Treasury would have to keep out of fixing contract rates (all such rates are now fixed in agreement with a Treasury formula which provides that contract rates must cover not only all eosts but also a profit margin).

Of course, the Government should make clear that its railways would not accept consignments which were anything less than profitable – so out with the breakables, the awkward-to-stow and commodities which can't stand a high tariff.

In the end, it might get rid of the interest burden which comprises a third of the NZR annual deficit (interest the NZR pays on money it was loaned to keep going through the rates freeze of a few years back) and then price commuters off the rail. And NZR would be back in the black.

The same could be done with Air New Zealand, first by reducing the aircraft fleet. Fleet size is geared now to peak times, so if we sold some planes the peak would automatically be reduced to something closer to the off-peak levels of patronage.

People who must travel in peak times (businessmen coming to Wellington for the day) could be charged a premium fare. They would have no alternative but air transport.

And just think how you could hike up rates on overnight transit of small lots over longer distances such as Auckland-Christchurch. People needing important documents, machinery spare parts and so on would pay twice as much as they do now and still find air transport the only way to send things.

So all out for user pays, and down with such institutionalised dottiness as half-fares for children. A child's behind takes a whole seat as does an adult's

Doug Walker . . . coatlng makea impact

behind, and a child consumes just as much fruit juice and lollies.

Transport services would be justified only on commercial grounds, and withdrawn where they weren't warranted (on routes where the profits failed to meet a reasonable return on investment, for example).

Cross-subsidisation in all forms of transport and in the field of provision of transport facilities, would be withdrawn. There are many rural roads which eost more to maintain than is "earned" from them through motor vehicle taxation. Ratepayers in rural areas could make up any shortfall.

Well-trafficked urban roads, which "earn" millions a year in petrol taxes and other revenue, would become sources of revenue in their own right and not things for propping up country roads.

Then the Government back-benchers who are keen on user pays, a profitable transport system, open competition and all the rest of it, would have attained Cabinet ranking and the minister who initiated these reforms could settle back and await a well-deserved knighthood.

It may concern some that transport users generally are productive souls – they make goods or churn out produce or flit about the country on business. And largely unaided they will be responsible for providing the profitability for the reformed transport system.

Under the present situation, the NZR loss is recovered not from producer/users alone, but from all taxpayers.

But if users can't afford realistic – or profitable – transport rates, too had. If their enterprises are considered vital to the nation's well-being, then let the Government step in with more subsidies (sorry - assistance) for farmers, and for others, regional development grants, export incentives and all the rest. In that way taxpayers as a whole will be able to help producers to meet the new cost of transport.

One advantage might not be immediately apparent. This would create a host of new jobs in the civil service, required for all the filling in of forms dealing with requests for subsidies for producers, all paid for out of the taxpayer's pocket, so there'd be a reduction in the number of unemployed.

Coal at $30 a tonne from the West Coast? They should charge $50 if they could get away with it, so that the long-suffering taxpayer/shareholder in NZR has a chance of getting a return on the money he has been forced to invest in the railways. But any savings generated by these reforms would have to be given to the coal exporter in the form of a transport subsidy to allow him to compete with the Australians on the coal export market.